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40th ANNUAL REPORT ON AMERICAN INDUSTRY

JANUARY 11, 1988
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Forbes

1988

Which U.S. companies are most innovative?

Why TV land will never be the same

Stock market laggards: Buy them now?

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Entertainment: Why it's America's superprofitable industry

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NUMBER 1

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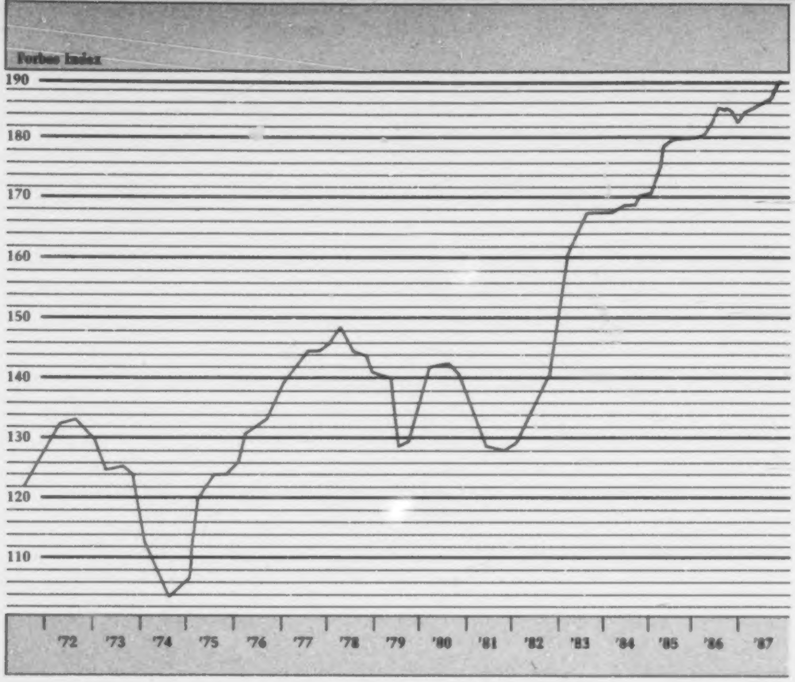
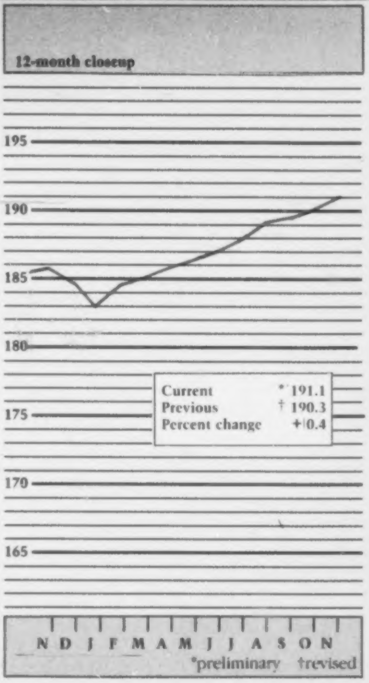
The Forbes Index





Current	*191.1
Previous	†190.3
Percent change	+0.4

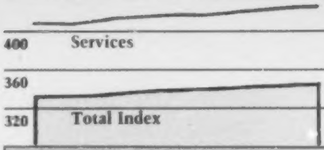
*preliminary †revised

Living on borrowed time and money? A 0.4% gain in the Forbes Index shows that, for now, the economy is still moving ahead. Among the few to benefit from the crash on Wall Street were home buyers, since interest rates also fell. That fact is obscured, though, in the 12-month total for new housing starts, up only 0.1% from October to November. Industrial production, boosted by mining and power- and machine-tool manufacturing, increased 0.4% in November. Despite mounting layoffs in Detroit and in the securities industry, the six-month moving average for initial unemployment claims dropped 1.7%. Although retail sales rose 0.2% in November, to $125.9 billion, consumer installment credit rose another 0.9% for the three months ending October, to $606.3 billion.

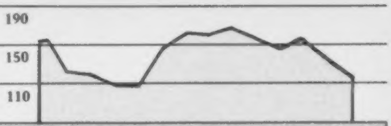
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

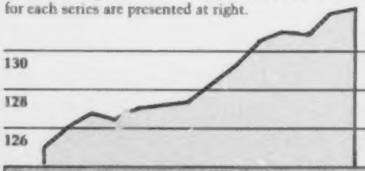
To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



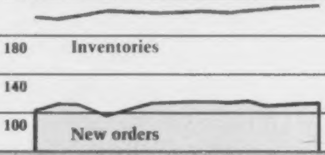
Consumer price indexes (1967 = 100) all urban consumers, unadjusted (Dept. of Labor)



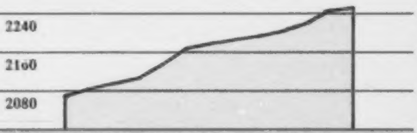
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



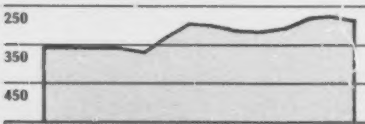
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



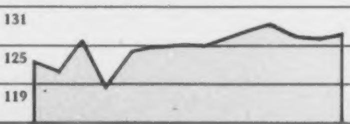
Manufacturers' new orders and inventories ($billions) seasonally (Dept. of Commerce)



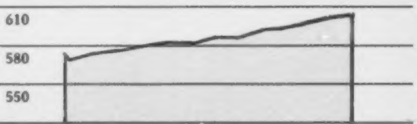
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

40th ANNUAL REPORT ON AMERICAN INDUSTRY

1988

WHERE TO FIND THE YARDSTICKS:

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INDUSTRY MEDIAN RANKINGS	**p. 224**
COMPANY INDEX	**p. 249**

By Steve Kichen

FORBES' 40TH ANNUAL INDUSTRY SURVEY comes at a time when we are anxiously reassessing economic prospects after the nerve-shattering market collapse of October and the fall in the U.S. dollar. All the easy optimism has been shattered. Once again, people are looking at fundamentals, not glittering generalities: How good is this corporate management? How does this company stack up in profitability vis-à-vis its competitors? How leveraged is it? Has it been able to translate revenue growth into sales growth? How well has it treated its investors?

It is just such questions that FORBES' Annual Report on American Industry is designed to answer. And this year we have added a new test of corporate management: How innovative is it? Our editors nominate in this issue the most innovative company in each industry. These are the companies that have shown the creative thinking and flexibility to adapt to changing times—the companies that stand a good chance of leading their industries in the decade ahead.

FORBES selects Hormel as the most innovative food processing company, for example. Hormel may appear to be just another old-line meatpacker. But the company is getting a jump on the rest of the industry in shelf-storable microwave entrées. Cameron Iron Works stands out in the oil group for its work in subsea well completion. Several integrated steelmakers are still struggling out of Chapter 11 reorganizations. But Nucor, a minimill operator, is moving into the big time with its super steel plants. *(For more on innovation in American industry, see p. 50.)* The stocks of these companies should do well even in a rough economy.

The individual industry reports begin on page 70. On page 224 the 31 industry groups are ranked against one another. Then each company is compared with our universe of 1,031 companies in terms of earnings and sales growth *(p. 184)* and profitability *(p. 216)*. On page 249 is an alphabetical listing of all survey corporations. Details follow on the calculation of each Yardstick statistic. ■

Most innovative companies

Industry	Company	Survey page	Chief executive or chairman	—Stock price— 5-year high–low	recent	—Return on equity— 5-year average	latest 12 months	—Latest 12 months— sales ($mil)	net income ($mil)
Aerospace and defense	**General Dynamics**	70	Stanley C Pace	89¼–30⅝	48	20.7%	1.2%	9,319%	$ 15.9
Air transport	**Allegis**	72	Stephen M Wolf	105⅞–27⅞	71¾	4.8	4.2	8,580	111.6
Apparel, shoes & textiles	**Liz Claiborne**	74	Liz Claiborne	39⅛– 1⅞	17½	55.8	44.8	1,007	111.3
Automotive	**Chrysler**	77	Lee A Iacocca	48 – 6¼	23⅛	71.3	23.8	24,549	1,275.0
Banks and thrifts	**First Chicago**	82	Barry F Sullivan	34⅞–17⅛	22½	9.5	def	4,002	–491.2
Beverages and tobacco	**Coca-Cola**	86	Roberto C Goizueta	53⅛–14⅞	39⅛	24.2	29.9	8,969	1,038.0
Chemicals	**Monsanto**	89	Richard J Mahoney	100¼–37⅛	72⅝	8.2	10.9	7,363	415.0
Coal	**Westmoreland Coal**	91	Edward B Leisenring	27½–14¼	16¾	0.7	4.0	589	7.5
Communications media	**CBS**	99	Laurence A Tisch	226¼–54½	176	19.3	42.4	4,553	426.5
Computers & electronics	**IBM**	101	John F Akers	175⅞–92¼	118⅜	23.9	13.3	53,151	4,561.0
Conglomerates	**Fuqua Industries**	106	JB Fuqua	38⅜– 7	26⅞	25.6	17.5	750	46.7
Construction	**Masco Corp**	108	Richard Manoogian	40⅞–11¼	24⅝	18.1	20.7	1,901	240.9
Consumer products	**Procter & Gamble**	114	John G Smale	103½–45⅝	86½	17.2	6.9	17,308	410.0
Electrical equipment	**Hubbell**	116	Fred Dusto	41⅞–14	26¼	17.4	18.5	576	60.8
Electric utilities	**Public Service NM**	120	Jerry D Geist	39¼–19½	21¼	13.2	10.0	711	122.4
Financial services	**Commercial Credit**	126	Sanford I Weill	34⅝–17	20⅞	3.8	2.0	981	22.3
Food distributors	**Bruno's**	130	Angelo Bruno	12⅝– 3¼	10⅛	30.3	17.9	1,186	33.7
Food processors	**George A Hormel**	134	Richard Knowlton	29⅜– 6	19½	12.2	12.3	2,124	41.8
Health	**Merck**	140	P Roy Vagelos	223 –39⅛	171	21.8	32.9	4,816	845.8
Heavy equipment	**Illinois Tool Works**	146	John D Nichols	49½– 9⅜	31½	15.1	28.0	1,636	106.7
Industrial & office svcs	**Ogden**	148	Ralph E Ablon	44⅝–12⅛	25¼	13.1	54.8	820	126.5
Insurance	**American Family**	151	John B Amos	18¾– 2¾	13	19.3	25.5	1,766	113.2
Leisure and recreation	**Gulf & Western**	158	Martin S Davis	93½–15	68½	7.5	15.4	4,239	291.3
Metals	**Nucor**	162	F Kenneth Iverson	49½–17⅜	33⅝	14.4	11.8	792	45.5
Natural gas	**Arkla**	164	Thomas McLarty III	29⅞–15⅝	15⅞	14.5	11.6	1,228	73.1
Oil	**Cameron Iron Works**	168	Philip Burguieres	25⅛– 8⅜	12½	0.1	def	460	–122.0
Packaging	**Ball Corp**	172	Richard Ringoen	48½–11¼	34	17.3	17.4	1,091	64.9
Paper	**Scott Paper**	174	Philip E Lippincott	87 –18⅝	66	11.1	15.5	4,007	219.2
Retailing	**Nordstrom**	176	Bruce A Nordstrom	40¾– 5⅜	20¾	18.7	24.6	1,839	85.7
Surface transportation	**Roadway Services**	180	Joseph Clapp	45¾–23¼	28½	17.0	8.8	1,827	57.8
Telecommunications	**MCI Communications**	182	V Orville Wright	28½– 5	9⅝	15.3	def	3,821	–458.0

def: Deficit.

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability

SEGMENT SALES AND PROFITS

Of the 1,031 corporations covered in this survey, 793 realize 90% or more of their sales or profits from one industry. These companies are marked with a bullet in the segment sales and profits column in the industry tables. For the remaining firms we show the percentage of sales and profits derived from a particular industry. Forbes' segment definitions may vary from company designations, and numbers in these columns may not total exactly 100%. Most recent annual reports are our principal source of information.

PROFITABILITY

For this issue return on equity is calculated by taking primary earnings per share and dividing it by common shareholders' equity per share as it stood at the beginning of the year. For calculating a company's common shareholders' equity Forbes assumes the conversion of all convertible preferred stock at the start of each year. The difference between the stated value and the involuntary liquidating value of nonconvertible preferred shares is subtracted from equity. When calculating per-share earnings, Forbes includes gains or losses from discontinued operations but excludes extraordinary items.

TIME PERIODS

The five-year growth rates shown in this issue for both sales and profits require six years' worth of data. For companies with fiscal years ending in April through December, growth rates are based on the fiscal years through 1986. For companies with fiscal years ending in January through March, the fiscal years through 1987 are used. Growth rates that cover a period of less than six years are marked with a footnote. When less than four years' worth of data are available, or data are not comparable, the growth rate is marked NA (not available).

Average return on equity is marked NA if fewer than three annual returns are available. Latest-12-months' comparisons are between the most recent four quarters and the same four quarters of the previous year.

Net profit margin is measured over the latest 12 months. Debt as a percentage of equity is calculated as of the latest balance sheet.

GROWTH RATES

We use the least-squares method to calculate sales and earnings growth rates. This equation adjusts for sharp fluctuations. Example: Over three years a firm's earnings go from $1 to 50 cents, and then to $2. That's a 50% decline from the first to the second year, then a 300% jump in the third year. Least-squares says, on average, earnings grew by 41.4% ($1 x 41.4% x 41.4%). Growth rates cannot handle negative values. If first- or second-year earnings are negative, Forbes calculates the growth rate for a shorter period, starting at the first positive year. If earnings are negative in any of the last four years, growth rate is reported as not meaningful (NM).

EARNINGS STABILITY

While the five-year earnings growth rate describes how much earnings grew on average, it may not reflect the volatility in earnings over this period. The company illustrated above had a 41.4% earnings growth rate. So would a firm that earned $1, $1.41 and $2. Clearly, the earnings trend was steadier in the second instance even though both firms have the same 41.4% growth rate. The earnings stability factor, or coefficient of determination, shows how much earnings fluctuated over the span measured by the growth rate. Companies with stability ratings in the top 15%, such as Marriott, are designated Very High, those in the next 20% High, the middle 30% Average, and so on.

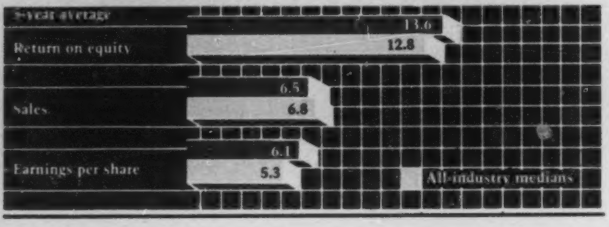
DEFINITIONS

Forbes defines sales as net sales plus other operating revenue. For banks, sales is defined as total interest income plus other income. Sales of insurance companies include income from premiums and annuities as well as net investment income and other income. Net profit margin measures net income as a percentage of net sales, including other operating income. Debt as a percentage of equity is defined as long-term debt, including capitalized leases, divided by total equity (including preferred equity).

Medians for all Yardstick components are calculated by listing companies in rank order and selecting the value of the middle company. When there is an even number of companies, the median is obtained by averaging the data on the two middle firms.

AEROSPACE AND DEFENSE

Defense spending is winding down, but civilian orders continue to boom.



By Howard Banks

THIS TIME LAST YEAR we said defense contractors would be hit by cuts in the defense budget in 1987, and that is exactly what has happened. Though Westinghouse, Litton and Tracor had standout years, having cut costs, most major contractors had lower earnings. After three years of steady growth in jobs, even employment in the industry declined in 1987, down 1% from 1986 levels, to 1.197 million workers.

Total defense outlays of $285 billion, slated for the fiscal year 1988 that began in October, will amount to a 3% cut in real terms, the second such annual decline in a row. Moreover, since the services plan to hold manpower roughly at current levels, most of the cuts will fall on research and development. Programs likely to be hit include the Army's LHX helicopter (rival prime contractors: McDonnell Douglas and Textron's Bell subsidiary); the Marines' V-22 tilt-rotor Osprey (Bell and Boeing); the Navy's A-6F updated attack aircraft (Grumman); and even the President's SDI program. The proposed Midgetman ballistic missile is probably dead.

Watch for heavy lobbying to prevent these cuts. Contractors prefer stretch-outs of program timetables, thus keeping programs alive, even though this adds to costs overall. Watch, too, for the reluctant arms procurers at the Pentagon to come under pressure to hold down costs by buying existing arms from abroad, rather than starting development programs domestically from scratch. One example: the Milan infantry antitank weapon already in service with nine NATO armies. The space program is also under severe budget constraint.

Though competition is intense, the year past has been much rosier for civilian aerospace. Both Boeing and McDon-

Corporate cleaner-upper

Stanley Pace of General Dynamics

Dan White/Picture Group

General Dynamics was a company with a reputation for ripping off the Pentagon when the board made Stanley Pace chairman and chief executive officer in 1986. GD had been accused of everything from padding expense accounts to corrupting foreign governments. Job one for Pace, formerly with TRW, was to repair GD's reputation with its biggest customer, the Department of Defense, and with Congress. In its way, Pace's response was every bit as innovative as a new wing design or a new radar: He eliminated from GD's cost claims against government contracts just about everything that could conceivably cause trouble with Defense Department auditors, a radical idea for a defense contractor.

Pace directed the company's accountants to analyze all GD's defense contracts. The result showed that the troublesome costs (hence, the hit to the bottom line from absorbing these "gray" items) was tiny—less than 0.5% of the cost of typical contracts. All such items, by Pace's order, were thus deleted from bills being submitted for payment by the Pentagon. "We simply lifted our accounting cutoff," says Pace.

When Pace took over, GD was under suspension from bidding on new defense business. Thus, for example, its share of the Tomahawk cruise missile contract went from 60% in 1985 to 40% in 1986, a $24 million hit to sales.

But by weeding out any possibly contentious charges from its bills, Pace has returned his company to favor with the Pentagon. In 1987 the firm's share of the Tomahawk missile program thus rose back up to 70% of the contract, worth $286 million, important in a year when defense orders generally were squeezed. "If we hadn't acted," says Pace, "it would have been disastrous."

The most important result? At least in General Dynamics' case, contracts once again are being awarded on their technological, price and performance merits, not on the basis of scandal-traumatized Pentagon bureaucrats fearing any fresh involvement with GD at all.

nell Douglas continue to complain about government subsidies for the European Airbus program. McDonnell appears to be looking for a scapegoat if it has to cancel its long-range MD-11 update of the DC-10 airliner.

In fact, however, the industry's biggest problem is turning out the orders it already has. Boeing's backlog now approaches 800 aircraft, and the company must invest $200 million to increase production of the 737 model. Boeing's debt is down to $250 million, while cash in hand will end the year at around $4 billion.

Even so, pressure on profit margins in this industry will intensify in 1988, especially for defense contractors. Defense contracts now are often shared between two contractors, and in all new contracts the companies have to invest some of their own money up front. In fact, the industry talk is of a decline in the number of defense contractors, either through mergers, or through some going broke trying to cope with the defense spending squeeze. ■

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Aerospace and defense													
Lockheed	•/•	1	59.5%	21.1%	58.9%	3.6%	6	16.2%	8.2%	12	15.4%‡	–7.3%	very high
EG&G	NA/NA	2	28.0	22.0	7.6	4.4	16	11.2	4.6	21	8.8	3.8	average
Morton Thiokol	45/28	3	24.8	16.3	3.1	7.1	4	20.0	5.3	13	14.0	10.1	low
E-Systems	•/•	4	21.5	15.0	16.3	4.8	12	12.2	12.8	10	15.5	21.6	average
Teledyne	34/37	5	21.4	15.2	28.0	7.7	39	1.6	0.5	6	18.9‡	10.3	low
Rohr Industries	•/•	6	21.4	8.6	49.9	4.1	35	2.9	6.0	3	32.6	–43.3	NM
General Dynamics	•/•	7	20.7	1.2	29.9	0.2	14	11.3	4.3		NM	–95.9	NM
Rockwell Intl	79/80	8	20.6	20.8	23.1	5.2	10	12.8	–1.4	8	18.4	10.2	very high
General Electric	27/34	9	19.3	21.3	28.1	6.3	29	4.4	24.9	22	8.7	33.0	very high
Colt Industries	39/32	10	18.7	NE	NE	4.3	44	–3.7	2.1	17	11.8‡‡	184.2	low
Raytheon	59/88	11	18.3	21.8	2.1	5.6	27	5.2	8.4	26	5.2	14.5	low
Loral	•/•	12	18.1	17.3	186.2	6.2	2	24.8	51.7	9	16.7	13.4	very high
Northrop	•/•	13	16.8	7.6	0.3	1.2	3	23.7	8.6	2	34.5	11.4	low
Westinghouse	NA/NA	14	16.5	23.5	18.3	6.9	34	3.0	–5.9	18	11.7	19.2	high
Grumman	84/62	15	16.5	8.2	66.5	2.0	7	13.2	–1.7	4	29.4	–22.9	low
Kaman	50/86	16	16.5	16.6	82.3	3.4	23	7.6	19.8	7	18.9	13.6	very high
Martin Marietta	75/81	17	16.0	25.5	31.0	4.2	24	7.4	8.5		NM	7.4	NM
Boeing	•/•	18	15.9	11.0	5.2	3.4	15	11.2	0.9	15	12.1	–20.1	low
Litton Industries	77/85	19	15.3	13.9	139.5	3.1	42	–2.0	–2.2	32	–13.5	104.8	average
Tracor	70/33	20	14.6	13.8	54.8	4.4	13	11.6	11.7	29	–3.9	500.0+	very low
Figgie Intl	26/25	21	14.6	15.9	27.6	4.8	31	3.9	8.0	23	7.7	11.7	average
Computer Sciences	51/NA	22	14.2	12.8	29.6	3.4	20	9.1	19.3	20	10.4	26.1	high
FMC	32/36	23	14.1	NE	NE	7.7	43	–2.3	–0.6	14	12.5	305.0	low
McDonnell Douglas	•/•	24	13.6	11.0	25.5	2.4	9	12.8	6.8	19	11.2	11.4	average
Singer	79/72	25	13.3	26.7	39.9	6.9	45	–7.1	–2.9	1	126.9‡‡	37.9	very high
TRW	56/55	26	13.1	22.8	52.9	3.3	32	3.5	11.1		NM	87.2	NM
Parker-Hannifin	29/43	27	13.0	12.4	36.0	4.6	18	9.5	7.4	24	6.1	–3.0	very low
Perkin-Elmer	24/89	28	12.5	def	6.8	def	28	4.6	1.6	28	1.1	P-D	very low
Hercules	35/50	29	12.0	46.4	27.4	31.1	40	–0.2	1.3	25	5.9	287.1	low
Sundstrand	68/•	30	11.8	5.5	47.2	2.4	22	7.7	–1.8	30	–8.9	–58.3	average
DynCorp	56/72	31	11.5	11.1	5.5	1.3	17	10.4	17.7	33	–14.9	149.1	average
Textron	52/41	32	11.1	18.5	84.5	4.0	5	17.9	13.1	11	15.5	32.0	average
United Technologies	52/DP	33	10.9	4.5	43.2	1.1	33	3.2	8.8	35	–33.9	–62.0	average
Harsco	32/57	34	10.6	13.0	12.0	5.5	36	2.6	–3.3	27	2.5	29.8	very low
Harris Corp	38/44	35	9.9	9.3	14.8	4.2	21	8.9	–0.5	31	–12.2	36.5	high
Wyman-Gordon	•/•	36	8.9	def	6.7	def	46	–9.3	–9.7		NM	D-D	NM
M/A-Com	NA/NA	37	8.6	def	40.9	def	26	5.4	–24.5	34	–15.2	P-D	average
GenCorp	56/47	38	6.3	30.0	NE	12.3	19	9.4	–31.6	16	12.0	215.2	very low
Honeywell	46/•	39	6.1	def	26.4	def	37	1.9	–8.9		NM	P-D	NM
Talley Industries	41/37	40	5.6	def	109.5	def	41	–0.8	–12.9	5	21.9‡‡	P-D	NM
Allied-Signal	52/52	41	5.1	16.1	55.9	5.3	8	13.0	–1.6		NM	D-P	NM
IC Industries	21/•	42	4.5	12.2	82.7	4.5	38	1.6	–5.2		NM	D-P	NM
Texas Instruments	33/•	43	4.3	16.2	22.7	3.8	30	4.2	11.3		NM	D-P	NM
Todd Shipyards	73/•	44	2.2	NA	NA	def	48	–12.9	–15.8		NM	D-D	NM
UNC	77/75	45	def	11.3	158.5	1.8	11	12.7	16.0		NM	115.2	NM
Fairchild Industries	72/65	46	def	def	63.6	def	47	–11.8	–47.6		NM	P-D	NM
LTV	35/1	47	def	NE	NE	def	25	5.5	1.3		NM	D-D	NM
GM Hughes Electronics	59/31		NA	3.1	3.8	2.0	1	25.7	0.4		NA	10.1	NA
Industry medians			13.6	12.8	28.0	3.9		6.5	1.8		6.1	11.6	
All-industry medians			12.8	13.6	48.6	4.3		6.8	8.3		5.3	13.9	

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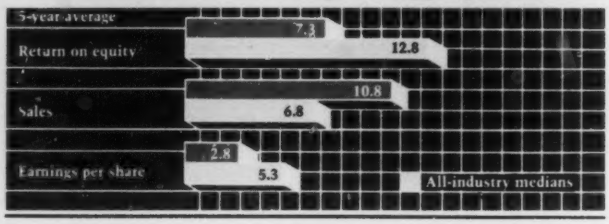
AIR TRANSPORT

Congestion, delays, complaints galore and even some improving profits.



By Howard Banks

DANGER IN THE AIR and delays at the airports. That was the media's message for 1987. Although the year did bring four fatal crashes and a number of close calls aloft, 1987 in fact ranks as the seventh safest year for passenger travel since the commercial jet age began in 1952. In reality, the big disruptions came at the airport.

Much of the problem relating to delays was caused by the airlines' shaving schedule times to gain a marketing advantage on travel agents' computer screens. Once the government required the airlines to publish performance figures, most airlines added time—telling more of the truth—to their schedules.

Those problems aside, 1987 was a good one for the industry. Passenger traffic grew 10%, and the industry as a whole took in revenues of more than $50 billion, a record. Operating profits of $2.5 billion were also a record.

Yardsticks of management performance		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Freight													
Federal Express	●/●	1	19.6%	def	65.5%	def	1	35.2%	22.2%	2	8.4%	P-D	average
Emery Air Freight	●/●	2	15.1	def	212.1	def	3	10.8	26.1		NM	D-D	NM
Airborne Freight	●/●	3	13.6	10.4%	97.7	1.7%	2	15.0	16.2	1	25.7	14.8%	high
Pittston	38/DP	4	def	2.4	9.9	1.0	5	–13.5	4.5		NM	50.0	NM
Tiger International	●/41	5	def†	NE	NE	4.1	4	–7.1	4.8		NA	D-P	NM
Medians			13.6	–3.5	65.5	1.0		10.8	16.2		NM	14.8	
Airlines													
Southwest Airlines	●/●	1	14.8%	4.0%	48.6%	2.6%	2	24.1%	3.3%	2	4.2%	–56.6%	average
USAir Group	●/●	2	14.5	15.3	153.4	8.5	4	10.9	31.8	3	3.6	88.3	very low
AMR	●/●	3	13.2	7.9	94.8	3.0	6	9.5	13.4	4	2.1‡‡	–22.6	very low
Delta Air Lines	●/●	4	8.3	16.0	52.6	4.6	7	6.2	31.7		NM	229.5	NM
NWA	84/NA	5	6.2	8.7	73.1	2.2	3	13.6	65.3	1	67.2	46.2	high
Allegis	77/18	6	4.8	4.2	121.7	1.3	5	10.8	–2.5		NM	94.0	NM
Trans World Airlines	●/●	7	def††	121.1	400.7	3.4	8	–0.3	26.2		NA	D-P	NM
Pan Am	85/●	8	def	def	NE	def	9	–3.7	11.9		NA	P-D	NM
Texas Air	●/●	9	def††	def	402.0	def	1	32.7	271.6		NA	P-D	NM
Medians			6.2	7.9	94.8	2.6		10.8	26.2		2.8	46.2	
Industry medians			7.3	4.1	84.0	1.9		10.8	19.2		2.8	30.5	
All-industry medians			12.8	13.6	48.6	4.3		6.8	8.3		5.3	13.9	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

That's quite an achievement considering that fuel prices rose 30% during 1987, from a low of 44.5 cents a gallon in September 1986 to near 57 cents a gallon average as 1987 ended. There has also been a rising trend in labor costs, notably for pilots, and the cost of frequent flier programs has also started to bite. The airlines have offset these rises by more carefully controlling fare discounts and setting up a "Saturday overnight-stay rule" that blocks most expense account business travelers from using the very cheapest fares. These steps helped lift the average fare per mile by 1%, with perhaps another 3% or so to come in 1988, says George James of Airline Economics.

Of all the companies in this industry, the one set to enjoy the most impressive turnaround is Allegis Corp.'s United Airlines, now headed by a new chief executive, Stephen Wolf. United is undoing the grand but unworkable scheme of his predecessor, Dick Ferris, to turn the airline into a one-stop-shopping travel conglomerate. The carrier is now shedding investments in Hertz rental cars, Westin Hotels, and a 49% stake in its computerized reservations system.

In 1988 the international carriers on this list are all likely to suffer from the weak U.S. dollar, which will substantially slow U.S. tourism and business travel abroad. It will be a year for holidays at home in 1988 for most Americans. ■

Apollo's sweet song

John Zeeman, marketing vice president of Allegis' United, deliberately avoided being too aggressive—"acting like the ugly American," as he puts it—and this gave him a golden prize in Europe. Four top European airlines (British Air, Swissair, KLM and Alitalia) chose United's Apollo computer reservation system over American's Sabre. Emphasizing that this was to be a partnership—the European version of Apollo, to be called Galileo, will be a joint venture—and that United doesn't fly to Europe, Zeeman calmed European fears that they might end up dominated by United.

The European carriers turned to the U.S. for help to catch up on years of underinvestment in reservations booking technology, which is the key to running a modern airline in a competitive world. Galileo, planned to cost around $100 million and be operational within 12 months, is a quicker and cheaper option than the one chosen by another group of European carriers, led by Air France and Lufthansa, which decided to buy software from Texas Air.

Computer reservation systems in the U.S. are highly profitable, with a typical 30% return on investment, but the deal in Europe brings other special advantages for United. The carrier's debt is already high (78% of equity), and it wants to avoid the heavy investment in planes and marketing needed to break into the European market. The Galileo deal will provide a marketing link with major European carriers that should provide it low-cost traffic to feed onto its domestic flights (and vice versa). The airline has already announced a close "marketing merger" with British Air, in which they will operate what amount to joint flights. It's likely that the European carriers will invest directly in United's Covia subsidiary, which operates its Apollo system.

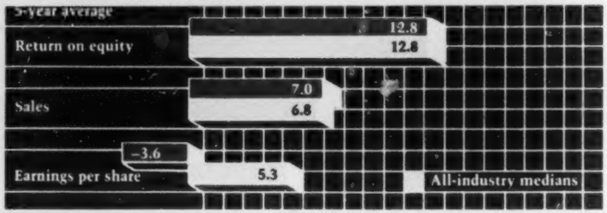
"The next step," says Zeeman, "might be to get some Pacific carriers to buy a piece, too. That way we'd make it a truly international network."

John Zeeman of United Airlines

Kevin Horan/Picture Group

APPAREL, SHOES AND TEXTILES

With stores overstocked, only well-established brands will benefit.



By Gail Bronson

MANY COMPANIES IN THIS GROUP sewed up 10% to 15% earnings gains last year, but in 1988 they'll be lucky to do a third as well. Blame it on slackening consumer spending and the looming threat of recession.

Sales began to slow at midyear, and by September retailers were confronting a disappointing inventory-to-sales ratio of 2.85. Result? "Only good brands with consumer loyalty that offer stores good service will do well in 1988," forecasts Deborah Bronston of Prudential-Bache.

Apparel companies are starting to enjoy the payback from restructurings begun in 1986. The strategy for several of these companies has been to get out of general merchandise retailing and concentrate on marketing name-brand products. Manhattan Industries sold its marginally profitable Frost

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Apparel													
Liz Claiborne	●/●	1	55.8%	44.8%	0.0%	11.1%	1	48.6%	33.7%	2	54.6%	37.4%	very high
VF	●/●	2	32.5	20.0	46.4	6.9	3	16.2	60.8	3	19.2	8.4	high
NIKE	25/NA	3	28.0	13.8	9.6	5.1	4	16.1	−9.6	9	−4.7	−8.5	very low
Oxford Industries	●/●	4	17.1	8.2	12.2	1.9	5	9.6	9.6	7	−3.2	−2.0	very low
Kellwood	●/●	5	15.0	18.2	40.3	4.5	13	−2.5	14.7	1	60.4	13.6	very high
Hartmarx	46/●	6	12.8	9.9	19.8	3.4	8	6.4	−1.4	5	0.6	22.4	very low
Phillips-Van Heusen	74/71	7	12.2	26.4	35.0	5.3	10	4.7	−12.8	4	18.4	142.4	high
West Point-Pepperell	30/28	8	10.7	10.3	40.4	3.5	7	6.8	14.0	8	−4.0	16.4	very low
Interco	31/22	9	8.8	9.4	13.6	4.2	12	−0.6	22.2	6	−2.4	13.9	very low
Manhattan Industries	●/●	10	2.0	def	31.8	def	11	0.4	−14.9		NM	P-D	NM
Genesco	24/23	11	def	24.0	64.6	4.1	14	−5.1	−14.6		NM	D-P	NM
United Merchants	29/10	12	def	def	348.7	def	9	6.2	−2.3		NA	D-D	NM
Fruit of the Loom	●/●		NA	NE	500.0+	4.8	6	7.0‡	27.9		NA	NA	NA
Leslie Fay Cos	●/●		NA	18.5	79.0	3.0	2	19.3	3.9		NA	−18.3	NA
Medians			12.5	12.0	37.7	4.1		6.6	6.7		−2.4	13.6	

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Store wars

Apparel designer Ralph Lauren drew fire from New York City department stores when he opened his Rhinelander Mansion store on Madison Avenue in 1986. Retailers feared the 20,000-square-foot store would siphon off their sales.

Comes now fashion designer Liz Claiborne, a solid name in sportswear and working women's wear, with a different approach to dealing with department store chains. Perfectionism and control of every facet of design and production are the hallmarks of her company, Liz Claiborne, Inc., and since her clothes sell so well, stores have tended to give her a say in how to set up displays or cater to customers.

Still, Liz Claiborne isn't satisfied with the service customers receive from store clerks. So to set an example of courtesy and service—and win new customers in the process—her firm is expanding into retail, too, but with a novel approach intended to avoid offending department store buyers. Although owned and operated by Liz Claiborne, Inc., the stores will be called First Issue and sell only its own merchandise, priced and designed to compete with casual clothing chains like the Gap and the Limited.

Hans Neleman/Wheeler Pictures

Liz Claiborne of Liz Claiborne, Inc.

In February First Issue stores will open in the Georgetown area of Washington, D.C. and Manhasset, N.Y. If all goes as planned, a dozen more will follow in the Northeast. The aim is a national chain in competition with women's wear chains like Casual Corner. Startup costs are nominal, so the venture shouldn't jeopardize 1988 earnings. Regardless, even simply elevating the levels of courtesy delivered by store clerks would make the project something to be commended.

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Shoes													
Reebok International	●/●	1	200+%††	52.0%	0.8%	12.4%	1	292.5%	63.7%	1	200+%‡	−25.9%	NM
NIKE	75/NA	2	28.0	13.8	9.6	5.1	2	16.1	−9.6	2	−4.7	−8.5	very low
US Shoe	39/48	3	15.2	8.3	27.2	1.9	3	13.6	9.0	4	−11.7	−4.2	low
Brown Group	32/NA	4	13.6	12.3	35.5	2.9	4	0.8	10.2	3	−5.7	51.3	low
Genesco	29/35	5	def	24.0	64.6	4.1	5	−5.1	−14.6		NM	D-P	NM
Medians			15.2	13.8	27.2	4.1		13.6	9.0		−5.7	25.9	
Textiles													
Guilford Mills	●/●	1	16.0%	13.5%	56.8%	4.6%	2	11.9%	30.6%	1	0.0%	1.3%	very low
West Point-Pepperell	26/16	2	10.7	10.3	40.4	3.5	4	6.8	14.0	2	−4.0	16.4	very low
DWG	31/20	3	8.3	25.4	289.1	2.0	1	37.9	4.2		NM	D-P	NM
Springs Industries	46/23	4	7.9	15.2	52.0	3.4	3	8.9	9.3	3	−12.3	202.3	average
JP Stevens	23/18	5	3.9	10.8	31.8	3.5	6	−3.0	−8.5		NM	38.6	NM
United Merchants	38/14	6	def	def	348.7	def	5	6.2	−2.3		NA	D-D	NM
Medians			8.1	12.1	54.4	3.4		7.9	6.8		−12.3	27.5	
Industry medians			12.8	13.5	35.5	3.5		7.0	9.3		−3.6	15.1	
All-industry medians			12.8	13.6	48.6	4.3		6.8	8.3		5.3	13.9	

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John McLaughlin fuels the fire while respected journalists Jack Germond, Morton Kondracke, and Robert Novak provide informative and often explosive opinions.

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Assuming a recession isn't imminent, apparel and textile shares should appreciate at least in line with the market. If the economy slumps, however, forget it.

Brothers stores in 1986 for $38 million to a private investor. In 1987 Hartmarx paid $2 million for Manhattan's Henry Grethel sportswear and shirt line, which had cost Manhattan around $18 million in losses over the past six years.

Manhattan Industries expects to cash in on an economic downturn with a sales surge in strong name-brand accessories, of which it still has plenty, including Perry Ellis and Anne Klein scarves and Yves Saint Laurent ties and belts. "Accessories always do better in bad times," says Manhattan Chairman Laurence Leeds Jr. "A man won't pay $500 for a suit, but he will pay $30 for a dress shirt or $15 for a bright pair of suspenders to spruce up his wardrobe."

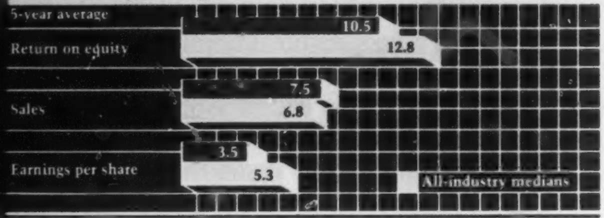
Equally disenchanted with retailing, Phillips-Van Heusen sold four of its retail menswear chains and a clothing subsidiary for $44 million. Then, in August, Phillips paid $79 million to buy loss-ridden G.H. Bass, the shoemaker, from Chesebrough-Pond's Inc. Bass has been turned around through management changes, inventory cutbacks and improvements in manufacturing and retailing. Phillips profits in the year ending Jan. 31, 1988 are expected to be $21.6 million, including the new Bass unit, compared with $20.1 million in fiscal 1987.

In the textile industry, lower marginal tax rates and fewer restructuring writeoffs helped push up earnings 10% to 15% on sales volume growth of only 3% to 4%. Higher material costs, particularly natural fibers, were the industry's biggest headache. The cost of cotton and denim rose significantly in 1987, squeezing margins for Fieldcrest Cannon, which makes household linens, and VF Corp., a leading jeansmaker.

What does the future hold for investors in all these stocks? Assuming a recession isn't imminent, apparel and textile shares should appreciate at least in line with the market. If the economy slumps, forget it. Stocks in this industry have historically underperformed the market quite drastically in downturns. ■

AUTOMOTIVE

Even if sales stay strong in 1988, business will be brutally competitive—even worse than 1987.



By Jerry Flint

OVERALL, CARMAKERS HAD A FAIR YEAR in 1987: 15 million car/truck sales, down 8% from 16.3 million in 1986. The foreign-owned companies, with imports and "immigrant" production, accounted for 35% of last year's sales. But with so many players in the car business, overall figures aren't as important as spotting the winners and losers.

Last year, like the year before, Ford Motor Co. was the big winner, approaching $5 billion in profit, more profit than GM for the second straight year, more profit than the entire Japanese auto industry combined. The cash is piling up so fast—$9 billion on Sept. 30—that Wall Street seems to think that getting rid of it is Ford's biggest problem. So far the cash has been spent carefully, on some diversification into banking, but the company is also looking for an electronics buy and is spending some to pick up its own stock and some to expand in the auto business.

With GM sales sluggish, Ford sees a chance for a permanent improvement in its market share. "We can take advantage of the first real departure of the loyalty pattern in my lifetime," says Donald Petersen, Ford's chairman. Figure Ford will make more gains in 1988. The new, smallish Ford Tempo (it looks like a Honda) may click where Ford is weak, while its new $25,000 Continental might succeed against the high-profit German luxury models. Even if 1988 turns out to be a rougher year than now seems likely, Ford is in a strong position. It could absorb more than a 10% sales decline—just by cutting overtime, Petersen reveals.

Will General Motors turn around? From 43% of the market two years ago, it had just 37% in 1987, and it could sink to 33% this year. To reduce overhead and fixed costs, GM is closing plants and retiring white-collar workers by the tens of thousands. It is counting on this cost-cutting, plus a raft of new models, to end its slump.

At Chrysler, car sales fell nearly 22%, as much as GM's, but Chrysler's strong truck sales—its minivan is the best in the industry—kept profits high. Chrysler's car designs and drive-trains are aging, and future growth depends heavily on its ability to bring to market a new product line for the 1990s. Chrysler's comeback was a miracle of modern business, but this is an industry where no one can rest on his laurels.

Among the foreign companies, Honda is the most impressive, increasing its U.S. market share to nearly 7% last year,

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Automobiles and trucks													
Chrysler	●/●	1	71.3%††	23.8%	51.0%	5.2%	2	19.8%	11.4%	1	104.6%‡	1.9%	very high
Subaru of America	●/●	2	44.4	2.1	18.3	0.4	3	15.8	–1.0	3	27.3	–92.5	NM
Ford Motor	●/●	3	22.6	30.4	10.5	6.5	5	11.1	14.2	4	17.5‡‡	44.8	high
General Motors	88/82	4	15.0	10.4	46.0	3.1	4	12.1	–1.0	2	51.4	–16.1	average
Greyhound	NA/NA	5	11.7	15.9	61.5	7.0	9	–12.5	–2.4	5	5.5	63.9	low
Paccar	●/●	6	10.3	14.1	3.7	4.6	7	5.7	25.8	6	2.9	112.7	very low
Mack Trucks	●/●	7	def	4.2	15.4	1.1	6	7.5	7.3		NM	D-P	NM
Pullman	50/31	8	def††	9.5	23.4	3.0	1	166.3‡	8.4		NA	–5.0	NM
Navistar Intl	●/●	9	def††	NE	33.6	0.6	8	–10.9	4.7		NA	P-D	NM
Medians			**11.7**	**10.4**	**23.4**	**3.1**		**11.1**	**7.3**		**17.5**	**1.9**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

The "Hail Mary" acquisition

It was third down with major yardage to go. To keep his team in the game, Lee Iacocca called an audacious play—the Hail Mary acquisition—and he succeeded with Chrysler's $1.4 billion (only $35 million cash) takeover of American Motors.

Chrysler's problems included an aging product line, no sleek midsize models in the popular Ford Taurus market, no domestic four-wheel-drive vehicle in that superhot market, and not enough assembly capacity to expand production if sales of one of its vehicles should catch fire. The AMC deal helped in each of those areas: a new midsize (the $14,000 class) car; four plants, including one brand-new plant in Canada, giving the company an extra 750,000-unit capacity; the Jeep, the best-known four-wheeler in the world, selling at a 250,000-a-year rate now. And, for good measure, Chrysler got 1,400 more dealers, its third dealer group, with the potential for moving a quarter million cars a year, the company figures.

Sure there are problems: The new Eagle car is profitless because it uses expensive French parts; three of the four factories are ancient, and two are notorious for labor problems; and the 1,400 AMC dealers, while strong on Jeeps, are so weak selling ordinary cars that they are almost out of the car market.

Says Iacocca: "I weed them out, add some of my guys, get in the right product and marketing, and make them a third franchise. Our aim is to get to 15% [of the car business], and it won't be easy, and with Jeep we could go to 20% to 22%, even 25% of trucks." Drop back and throw it 60 yards into the end zone and pray. It's a gamble, because if Chrysler can't win more business, it has too much capacity. Says Iacocca: "The cost of overcapacity is real, but the price of avoiding it is no flexibility."

Nobody said it would be easy.

Lee Iacocca of Chrysler

James Schnepf/Wheeler Pictures

AUTOMOTIVE

rom 6% in 1986, thus reaping rewards for its early and bold move to manufacture here. Sales are falling at other Japanese ompanies and at European firms, too, even at Mercedes-Benz, Porsche, BMW and Volvo. Some folks blame the stock market crash for weak sales among these luxury nameplates, but higher prices caused by the weak dollar are probably the eal villain. This gives the U.S. big three a chance to recapture some of the luxury market. Whatever happens, it is going to be one slam-bang competitive year.

While imports from Japan, Germany and Sweden are falling, growing numbers of small cars are coming in from low-wage states—Korea, Brazil, Taiwan, Mexico, Yugoslavia—400,000-plus cars last year, with maybe 50% more coming in this year. But Detroit has mixed feelings over Third World cars: It objects to such one-sided trade, yet the big three import some of these cars themselves.

Auto parts makers should have more long-range potential, because a recession won't keep people from fixing old cars. But competition, with more retailers entering the game, with more parts coming from Taiwan and other cheap-labor nations, may hold down profits. That's also true in the OE business, original equipment parts sold to the car manufacturers. The potential is there: Detroit wants to push out in-house business because its own labor costs are much higher than the outsiders'. But the competition is growing: Japanese partsmakers are marching into the U.S. to supply the assembly plants of their compatriots and then looking for work from the big three. ■

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Automotive parts													
Snap-on Tools	●/●	1	19.6%	20.9%	3.1%	10.9%	8	9.6%	14.9%	4	12.4%	23.6%	very high
Colt Industries	32/43	2	18.7	NE	NE	4.3	23	–3.7	2.1	5	11.8‡‡	184.2	low
Genuine Parts	68/80	3	18.1	21.0	2.7	5.5	10	7.9	7.8	9	5.4	26.6	high
Echlin	NA/NA	4	16.0	10.0	14.1	4.2	3	16.8	21.9	2	24.6	–20.7	NM
PPG Industries	44/44	5	14.7	21.5	45.7	7.0	11	7.8	10.4	3	15.4	39.6	high
Johnson Controls	46/49	6	14.7	10.8	15.7	3.4	4	16.7	1.4	8	7.1	–6.6	very high
Sealed Power	86/NA	7	14.4	12.8	46.1	4.8	2	17.6	13.1	10	4.1	25.7	very low
Arvin Industries	53/86	8	13.4	16.3	48.0	3.5	5	15.9	59.3	1	30.9	4.8	very high
TRW	39/42	9	13.1	22.8	52.9	3.3	17	3.5	11.1		NM	87.2	NM
Federal-Mogul	79/88	10	12.1	1.7	48.9	0.5	16	4.1	10.4	11	–20.1	–87.3	very low
Dana	78/84	11	10.8	11.9	61.3	2.8	9	9.2	4.9	7	7.9	16.0	very low
Eaton	39/89	12	9.6	17.9	52.2	6.6	12	7.1	–10.8	6	9.4‡‡	70.9	very low
Barnes Group	85/82	13	6.9	13.1	34.6	3.6	22	–0.6	1.0		NM	–0.4	NM
Cummins Engine	●/●	14	6.3	2.1	39.1	0.8	13	6.1	20.2		NM	D-P	NM
Allied-Signal	24/19	15	5.1	16.1	55.9	5.3	6	13.0	–1.6		NM	D-P	NM
Handy & Harman	28/DP	16	4.8	def	92.4	def	21	–0.1	6.7		NM	D-D	NM
Champion Spark Plug	66/DP	17	4.3	5.9	5.8	2.2	19	1.8	12.9		NM	D-P	NM
AO Smith	61/NA	18	3.0	7.9	33.8	2.2	14	4.5	5.6		NM	–44.2	NM
Allen Group	●/●	19	2.0	def	45.4	def	15	4.3	0.8		NM	P-D	NM
Eagle-Picher Inds	38/38	20	1.7	21.9	44.4	6.1	18	2.8	0.9		NM	D-P	NM
Clark Equipment	27/16	21	def	def	67.5	def	20	0.3	2.6		NM	D-D	NM
GM Hughes Electronics	30/59		NA	3.1	3.8	2.0	1	25.7	0.4		NA	10.1	NA
Masco Industries	62/69		NA	21.3	230.6	5.3	7	10.4	105.0		NA	313.2	NA
Varity Corp	31/●		NA	def	185.5	def	24	–12.8	12.3		NA	P-D	NA
Medians			10.8	11.3	45.6	3.4		6.6	7.3		–20.1	19.8	
Recreational vehicles													
Fleetwood Enterprise	62/82	1	23.1%	14.5%	0.0%	3.4%	1	26.0%	7.8%	1	74.7%	16.8%	average
Coachmen Industries	86/●	2	18.3	1.6	[illegible]	0.4	2	11.0	6.1	3	4.3	–22.7	very low
Skyline	33/45	3	6.7	9.7	0.0	4.0	3	4.6	1.2	2	10.6	19.1	high
Medians			18.3	9.7	0.0	3.4		11.0	6.1		10.6	16.8	
Tire and rubber													
Cooper Tire & Rubber	●/●	1	16.6%	14.7%	33.0%	4.5%	2	8.0%	12.6%	1	0.3%	32.2%	very low
Goodyear	86/●	2	9.7	28.3	257.6	5.1	3	0.9	–4.1	2	–12.2	195.9	low
Armtek	76/59	3	5.9	11.1	150.1	1.7	1	8.2	49.8		NM	D-P	NM
Firestone	●/●	4	3.3	6.4	20.5	1.8	5	–3.1	2.7		NM	500.0+	NM
BF Goodrich	26/19	5	def	9.1	42.2	3.6	4	–2.4	–26.1		NM	D-P	NM
Medians			5.9	11.1	42.2	3.6		0.9	2.7		NM	500.0+	
Industry medians			10.5	10.8	39.1	3.4		7.5	6.7		3.5	23.6	
All-industry medians			12.8	13.6	48.6	4.3		6.8	8.3		5.3	13.9	

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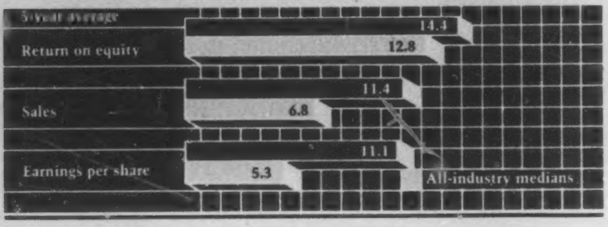
BANKS AND THRIFTS

In 1988 look for a continuation of massive loan writeoffs and merger activity.



By Tatiana Pouschine

RETURN ON SHAREHOLDER EQUITY for the banking industry as a whole was a dismal 9.8%, less than two-thirds of the 1986 level. Huge additions to reserves were to blame. The additional loan-loss reserves were triggered by Citicorp's much-publicized move in May to add $3 billion to loan-loss reserves against doubtful credits to Latin America and elsewhere.

Other money center banks, and even many regionals, followed suit, adding another $14 billion to reserves and forcing a group of 51 banks $11 billion in the red for the second quarter. Eight of the U.S.' 11 multinational banks on our list reported losses for the year.

In spite of the magnitude of these reserves, most banks are still carrying many foreign loans at more than their market value. Not surprisingly, money center bank stock prices fell 30% on average in 1987—worse than the market.

Yardsticks of management performance	Profitability					Growth						
	Return on equity					Sales			Earnings per share			
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Multinational												
Bankers Trust NY	1	17.3%	def	105.3%	def	4	1.5%	5.9%	2	11.8%	P-D	NM
JP Morgan & Co	2	17.1	4.4%	54.8	0.8%	6	–0.3	–4.1	1	17.6	–74.1%	NM
Citicorp	3	15.7	def	291.0	def	1	6.3	13.1	4	10.1	P-D	NM
Bank of Boston	4	15.6	7.5	83.9	3.1	2	5.3	18.0	3	11.1	–45.5	NM
Chemical New York	5	15.2	def	74.4	def	5	0.3	10.3	5	7.1	P-D	NM
Manufacturers Hanover	6	13.0	def	295.4	def	3	2.1	–5.9	8	2.5	P-D	average
Irving Bank	7	12.9	0.9	63.3	0.6	9	–3.5	9.7	6	5.9	–92.7	average
Chase Manhattan	8	12.2	def	114.2	def	8	–1.6	5.0	7	5.9	P-D	low
First Chicago	9	9.5	def	67.4	def	7	–0.6	–2.1	9	1.8	P-D	very low
BankAmerica	10	def	def	151.7	def	10	–3.8	–19.0		NM	D-D	NM
Continental Illinois	11	def	def	32.1	def	11	–17.5	0.5		NM	P-D	NM
Medians		13.0	def	83.9	def		–0.3	5.0		5.9	NM	
Northeast												
State Street Boston	1	21.8%	19.8%	27.7%	11.5%	8	8.4%	15.1%	2	15.7%	23.3%	high
Fleet Financial	2	19.4	18.1	125.5	9.9	4	17.7	45.9	3	14.2	–5.1	NM
Hartford National	3	17.4	16.4	41.5	10.0	2	29.3	40.8	11	5.0	0.2	average
Republic New York	4	17.1	3.7	112.0	3.0	9	4.4	8.9	10	5.1	–74.6	average
Bank of New England	5	16.8	13.8	36.6	6.9	5	14.0	33.3	7	9.9	–23.1	NM
Bank of New York	6	16.4	3.1	66.2	4.8	10	3.1	15.5	5	10.9	–79.7	NM

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Plastic man

While most money center banks were busy turning themselves into investment banks, First Chicago Corp. Chairman Barry Sullivan energetically pursued a different business: credit card lending. What's unusual is that he has generated handsome profits in that business without enduring the high loan losses that typically accompany fast growth.

In 1986 First Chicago's consumer business generated only 29% of revenues but over one-third of it profits. Most of those earnings came from credit card activities, and in 1987 Sullivan moved to raise the percentage even higher by acquiring Beneficial National Bank's $1.1 billion in assets. That purchase made First Chicago the third-largest issuer of bank credit cards in the U.S.

Sullivan has learned to limit two key costs of credit card loans: operating expenses and loan losses. First Chicago ranks in the top 10% in operating efficiency out of a group of 4,000 issuers, largely because its size and highly automated back office give the bank economies of scale that few rivals enjoy.

Sullivan has also succeeded in holding down loan losses on the bank's credit card activities. First Chicago carefully screens applicant credit histories by asking applicants many questions, and then using a proprietary computer model to weigh the critical variables (the bank makes its own checks of credit history). The bank's loan losses currently are running around 3.5% of loans outstanding (not including the acquisition), little more than half the loss rate of industry leader Citibank (South Dakota) according to Veribanc, a bank rating agency.

At a time when investment banking profits look uncertain, First Chicago's consumer strategy looks good. Estimates for 1988 earnings range from $5.50 a share to $7.50, an increase of at least 17% over 1986 results (1987 losses were so unusual that it is meaningless to make comparisons to that year). Most of the other money center banks, in contrast, are expected to have only slightly higher earnings in 1988.

Steve Leonard

Barry Sullivan of First Chicago Corp.

Yardsticks of management performance	Profitability					Growth						
	Return on equity					Sales			Earnings per share			
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
KeyCorp	7	16.3%	15.4%	58.2%	9.5%	3	27.9%	20.4%	1	18.8%	5.6%	very high
Norstar Bancorp	8	15.8	15.3	39.8	10.3	1	32.3	14.3	9	6.7	7.6	very high
BayBanks	9	15.4	16.0	15.9	9.1	7	11.4	10.6	4	11.1	9.2	high
Shawmut	10	13.8	6.9	64.7	4.4	6	12.2	16.2	8	9.8	–48.3	NM
Marine Midland Banks	11	10.7	def	140.9	def	11	–0.8	2.7	6	10.1	P-D	NM
Medians		**16.4**	**15.3**	**58.2**	**9.1**		**12.2**	**15.5**		**10.1**	**–5.1**	
Mid-Atlantic												
CoreStates Financial	1	20.2%	16.3%	45.2%	11.0%	6	12.1%	25.1%	2	22.4%	–2.8%	average
Midlantic Banks	2	18.7	14.8	18.6	9.9	4	15.7	0.8	10	9.7	–9.9	NM
PNC Financial	3	18.4	16.6	39.0	9.7	13	9.7	12.6	4	15.1	–11.7	NM
Sovran Financial	4	17.8	18.6	37.1	10.3	7	11.5	12.4	6	14.1	17.3	very high
Fidelcor	5	17.8	12.5	26.9	8.0	2	18.2‡	8.9	9	11.7	–13.8	NM
Crestar Financial	6	17.5	11.7	28.2	7.2	5	12.9	7.4	7	12.8	–22.5	NM
Signet Banking	7	16.8	5.4	37.7	3.0	9	11.3	13.3	1	25.1	–66.4	NM
First Fidelity Bncp	8	16.1	10.7	28.0	7.2	1	25.8	9.8	13	6.0	–23.7	high
Meridian Bancorp	9	15.4	15.5	21.7	9.7	3	16.6	5.1	8	12.0	6.3	very high
United Jersey Banks	10	15.2	16.0	11.1	11.1	10	10.6‡	5.9	3	15.5	3.0	very high
Dominion Bankshares	11	14.2	15.4	33.5	9.5	8	11.4	26.2	5	14.7	7.3	high
MNC Financial	12	14.0	16.8	33.3	9.2	11	10.3	10.3	11	8.6	16.1	average
Riggs National	13	12.2	3.6	68.8	2.7	15	2.7	–0.3	12	8.1	–74.7	high

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The regional banks fared better, both in earnings and in the stock market. They had lower exposure in troubled Latin American countries, therefore reporting better earnings. Their stock prices also benefited from the possibility that regional banks may be taken over—at above market prices—by bigger banks. Such takeovers are not inconceivable. All but four states currently allow some form of interstate banking, and to capitalize on the opportunity, regional banks continue to consolidate into larger "super-regionals."

Consolidation by merger and acquisition indeed did take place on a big scale last year. Security Pacific, the second-largest bank in California, merged with Rainier Bancorp in a $1.1 billion deal. Newark, N.J.-based First Fidelity Bancorp agreed to merge with Rosemont, Pa.-based Fidelcor, Inc., thus creating a new $27 billion (assets) bank that has more than 500 offices in New Jersey and Pennsylvania.

Two Dallas competitors—RepublicBank and InterFirst—merged in midyear to create First RepublicBank, the largest bank holding company in Texas (assets, $34 billion); scarcely was the merger consummated when the new bank began reporting horrendous losses, putting its survival as an independent entity in doubt. Also in Texas, Los Angeles-based

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Mellon Bank	●/●	14	12.2%	def	142.8%	def	12	9.9%	–5.6%	15	0.3%	P-D	very low
First Maryland Bncp	●/●	15	12.0	13.4%	56.7	7.4%	14	7.8	12.3	14	2.4	249.4%	very low
First Pennsylvania	●/●	16	def	def	52.4	def	16	–4.9	–3.8		NA	D-D	NM
Medians			**15.7**	**14.1**	**35.3**	**8.6**		**11.4**	**9.3**		**12.0**	**–10.8**	
North central													
Banc One	●/●	1	17.1%†	14.3%	10.4%	10.0%	4	16.5%	2.5%	7	15.2%	–11.6%	NM
First of America Bank	●/●	2	17.0	14.5	18.3	10.0	8	10.1	27.8	2	22.7	5.8	very high
Boatmen's Bancshares	●/●	3	16.2	13.2	22.3	9.7	1	29.8	30.9	14	5.8	–6.4	NM
Marshall & Ilsley	●/●	4	15.8	15.6	37.7	10.0	5	13.8	3.9	9	12.3	3.1	very high
National City	●/●	5	15.3	13.9	23.0	8.4	2	18.9	8.3	4	19.2	–17.0	NM
Huntington Bshs	●/●	6	14.6	11.9	30.4	7.8	6	13.3	1.8	10	9.3	–12.8	average
First Bank System	●/●	7	14.4	4.2	89.3	2.5	7	10.2	–18.1	6	15.3	–70.7	NM
Mercantile Bancorp	●/●	8	13.6	def	27.8	def	14	3.0	–3.1	16	2.9	P-D	average
Society	●/●	9	13.4	18.9	30.3	10.3	3	16.6	–4.8	8	14.0	32.0	very high
Manufacturers Natl	●/●	10	12.9	8.8	16.5	5.7	17	1.5	6.0	1	44.8	–34.3	NM
Commerce Bcshs	●/●	11	12.9	11.3	18.7	8.6	9	8.6	–5.5	3	20.3	4.7	average
NBD Bancorp	●/●	12	12.5	11.7	35.8	8.1	13	3.4	19.7	5	15.9	–7.7	NM
First Wisconsin	●/●	13	12.4	def	23.9	def	15	2.6	4.6	13	7.7	P-D	high
Comerica	●/●	14	11.4	12.2	32.1	7.2	10	8.0	–3.9	11	9.0	23.7	very high
AmeriTrust	●/●	15	10.7	3.5	26.4	0.6	12	5.2	16.3	12	7.7	–68.0	high
Norwest	●/●	16	9.1	def	181.7	def	11	5.6	–3.3	18	–2.6	P-D	very low
Northern Trust	●/●	17	8.6	def	36.7	def	18	–2.3	3.6	15	3.7	P-D	very low
Centerre Bancorp	●/●	18	8.4	5.3	32.4	3.6	19	–4.5	–2.5	17	–0.8	–40.5	very low
Michigan National	●/●	19	5.5	14.3	10.2	7.8	16	2.1	4.2		NM	28.2	NM
Medians			**12.9**	**11.7**	**27.8**	**7.8**		**8.0**	**3.6**		**9.3**	**–12.8**	
Southeast													
First Union	●/●	1	22.7%	18.4%	36.9%	10.9%	5	17.2%	46.5%	2	25.3%	8.9%	very high
First Wachovia	●/●	2	19.1	15.8	22.2	10.8	8	10.6	–1.0	3	18.8	0.6	very high
Barnett Banks	●/●	3	18.5	16.5	32.1	8.5	1	26.6	26.7	4	17.6	6.8	very high
SunTrust Banks	●/●	4	18.3†	17.2	25.9	10.4	2	23.6	30.1	9	13.1	6.4	very high
Citizens & Southern	●/●	5	17.2	14.8	38.4	8.3	7	12.8	14.6	6	14.2	–6.6	NM
First Kentucky Natl	86/●	6	17.2	12.4	27.3	7.7	9	10.5	5.8	5	15.0	–32.9	NM
NCNB	●/●	7	17.1	14.9	33.0	8.4	4	19.5	7.6	7	13.5	–1.0	very high
Florida Natl Banks	●/●	8	16.2	5.6	27.3	3.8	3	19.7	2.4	1	27.3	–50.5	average
AmSouth Bancorp	●/●	9	15.5	16.3	26.7	11.9	10	8.6	15.3	10	12.6	5.3	very high
First Tennessee Natl	●/●	10	15.4	12.7	39.9	7.5	11	8.1	2.6	8	13.4	–12.0	NM
First American	●/●	11	15.0	13.4	8.9	9.7	6	16.9	14.2	11	11.8	–5.3	NM
Southeast Banking	●/●	12	13.4	6.6	42.2	3.0	12	6.7	2.7	12	6.6	–52.3	average
Medians			**17.1**	**14.9**	**29.7**	**8.4**		**14.8**	**10.9**		**13.8**	**–3.2**	
South central													
Allied Bancshares	●/●	1	19.2%	def	29.5%	def	2	13.4%	–9.1%		NM	P-D	NM
First RepublicBank	●/●	2	12.7	def	86.4	def	5	2.6	7.9	1	–15.3%	P-D	average
MCorp	●/●	3	11.5	def	62.2	def	1	22.3	–17.7		NM	D-D	NM
Premier Bancorp	●/●	4	10.8	def	27.1	def	3	12.7	–3.9		NM	D-D	NM
Texas American Bcsh	●/●	5	3.5	def	48.3	def	4	5.7	–16.0		NM	D-D	NM
First City Bancorp	●/●	6	def	def	90.1	def	6	–0.9	–24.6		NM	D-D	NM
Medians			**11.1**	**def**	**55.3**	**def**		**9.2**	**–12.6**		**NM**	**NM**	

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First Interstate Bancorp was preparing to take over $10 billion assets) Allied Bancshares. Also on the merger front, there was a sharp break with banking tradition and manners. The Bank of New York launched an unfriendly takeover assault on rving Bank; at year's end the struggle continued. Whatever one says about banking, at least it is no longer a sleepy, dull business.

No sector of the industry is in deeper trouble than the nation's thrifts, some 20% of which are either gravely imperiled or effectively bankrupt and being operated under federal auspices. A handful of thrifts did well, but many more, including Meritor Financial, Gibraltar Financial and Florida Federal, reported stunning losses.

Over the next few years, an estimated $23 billion to $45 billion will be needed to bolster the failing thrifts, of which approximately 460 are already technically insolvent. In August 1987 Congress enacted what amounts to a $10.8 billion three-year recapitalization program for the Federal Savings & Loan Insurance Corp. Most of the money will come from a special FSLIC levy on insured deposits at member firms. In short, the healthy firms are paying for the sick. ■

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Western													
Security Pacific	●/●	1	16.3%	5.1%	166.5%	2.2%	2	7.5%	24.4%	2	10.4%	–63.5%	NM
Wells Fargo	●/●	2	14.3	def	179.1	0.4	8	3.2	21.3	1	13.3	P-D	NM
Valley National	●/●	3	13.4	1.2	43.6	0.4	1	7.6	1.9	3	7.4	–88.4	average
First Interstate Bncp	●/●	4	13.0	def	120.7	def	5	4.3	–4.1	5	5.4	P-D	NM
US Bancorp	●/●	5	12.5	13.4	67.5	10.0	3	5.2	4.0	6	4.8	12.4	average
United Banks of Colo	●/●	6	11.0	def	13.2	def	4	4.4	8.0	7	–1.4	P-D	very low
California First Bk	●/●	7	8.2	11.6	15.3	6.4	7	3.4	1.2	4	7.1	20.2	very low
First Security	●/●	8	7.7	3.4	47.7	2.3	6	3.9	–10.7	8	–32.2	–42.4	NM
Medians			**12.8**	**2.3**	**57.6**	**1.3**		**4.4**	**3.0**		**6.3**	**–75.9**	
Thrift institutions													
CenTrust Savings Bank	●/●	1	200+%††	def	279.7%	1.6%	10	28.8%	20.7%		NA	D-D	NM
Columbia S&L Assoc	●/●	2	60.8	20.4%	75.6	14.5	1	98.8	12.8	12	29.2%‡	–13.6%	high
Western S&L	●/●	3	45.1	24.4	93.3	4.2	18	20.8	8.2	7	43.1‡‡	–51.5	average
American Continental	62/71	4	37.7	21.4	500.0+	3.0	14	27.6	–10.1	3	71.4	–2.5	high
Homestead Financial	●/●	5	35.0	24.0	355.5	5.9	3	52.6	–1.5	2	75.5	–22.7	average
Golden West Finl	●/●	6	32.3	25.8	44.5	13.0	25	17.6	–5.8	10	38.4‡‡	–8.0	NM
First Federal Mich	●/●	7	24.4††	20.8	105.3	6.3	12	28.1	0.1	6	48.3‡‡	–19.6	high
Finl Corp of Amer	●/●	8	23.3	def	500.0+	def	2	56.7	–10.6		NM	P-D	NM
CityFed Financial	●/●	9	21.2	def	105.6	0.0	11	28.3	4.1	14	13.6‡	P-D	very low
CalFed	88/●	10	13.5††	14.1	25.3	7.0	15	26.7	3.8	1	106.8‡	–5.0	high
Gt Am First Savings	●/●	11	13.3††	18.1	89.4	7.4	16	25.7	21.1	8	42.6‡‡	15.4	high
Gibraltar Financial	●/●	12	13.0	def	303.2	def	19	20.7	3.6	13	15.6‡‡	P-D	high
Carteret Bancorp	●/●	13	12.4††	13.2	135.0	5.6	13	28.0	2.3		NA	11.8	NM
Home Federal S&L	●/●	14	12.3††	12.3	19.1	8.2	28	17.1	4.2	11	36.9‡‡	–6.0	NM
HF Ahmanson	●/●	15	12.1	14.0	49.6	8.7	29	14.5	–12.8	5	51.4‡‡	–25.5	high
Gt Western Financial	68/88	16	10.6	16.0	88.5	6.5	8	28.9	16.3	4	53.8‡‡	–18.4	NM
Entex	NA/NA	17	10.0	def	271.4	def	34	–4.7	–3.3		NM	D-D	NM
Atlantic Financial	●/●	18	6.7††	1.9	168.4	0.9	4	43.8	19.9		NA	–77.4	NM
Meritor Financial	●/●	19	3.5††	def	208.8	def	20	20.5	2.7		NM	D-D	NM
United Financial	●/●	20	def	def	500.0+	def	9	28.9	–2.1		NA	D-D	NM
Imperial Corp of Am	●/●	21	def	24.1	500.0+	5.0	26	17.5	8.7		NA	186.4	NM
Florida Federal S&L	●/●	22	def††	def	146.0	def	27	17.4	–2.7		NA	D-D	NM
AmeriFirst Federal	79/89		NA	NA	162.9	2.7	31	7.6	–22.3		NA	NA	NA
Anchor Savings Bank	●/●		NA	NA	2.4	6.6	7	31.1‡	–5.5		NA	NA	NA
Benj Franklin S&L	●/●		NA	NA	71.3	2.7	32	5.2‡‡	–5.6		NA	NA	NA
Coast S&L Assoc	●/●		NA	13.5	143.3	5.4	21	19.6	18.1		NA	23.7	NA
CrossLand Savings FSB	●/●		NA	7.3	36.1	4.9	24	17.8	16.5		NA	3.9	NA
Dime Savings Bank	●/●		NA	NA	85.0	8.2	30	9.4	2.3		NA	NA	NA
Empire of America	●/●		NA	def	96.1	def	6	31.5	–5.3		NM	P-D	NA
GlenFed	●/●		NA	15.4	46.1	6.8	17	22.7	11.0	9	38.4‡‡	32.7	NA
Goldome	●/●		NA	NA	0.8	0.8	23	19.0‡	NA		NA	NA	NA
Standard Fedl Bank	●/●		NA	NA	0.9	7.1	5	39.4	3.0		NA	NA	NA
Talman Home Fedl	●/●		NA	NA	0.3	5.1	33	4.9	–8.8		NA	NA	NA
TCF Banking & Savings	●/●		NA	2.1	16.0	0.8	22	19.4	–7.4		NA	–65.6	NA
Medians			**13.1**	**13.2**	**94.7**	**5.0**		**21.8**	**2.3**		**38.4**	**–22.7**	
Industry medians			**14.4**	**9.8**	**43.6**	**5.1**		**11.4**	**4.2**		**11.1**	**–24.6**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

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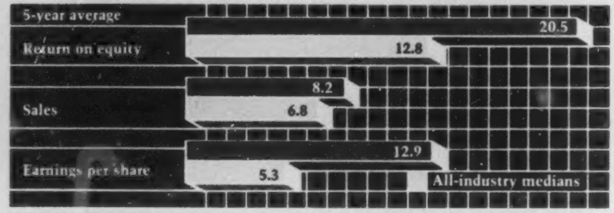
BEVERAGES AND TOBACCO

Drink up or light up, either way these are still good businesses to be in.



By Gail Bronson

BUSINESS FOR TOBACCO COMPANIES surged 27.4% overseas, and that more than offset a 2% decline in stateside cigarette consumption—the sixth straight year of decline. With the dollar weak, the trend toward an increasingly export-oriented industry should continue. Exports rose 317% to Japan and an astonishing fortyfold to Taiwan as both countries rolled back excise levies on tobacco during the year.

"Investors focus too much on the U.S. market," frets Hamish Maxwell, chairman of Philip Morris Cos., "when international sales are growing 5% annually." The company will report 25% earnings growth, to $7.73 a share. Cigarette exports account for 11% of pretax earnings.

Domestically, cigarette companies made strides in product liability suits. Three federal circuit courts have ruled that federally mandated health warnings on cigarette packs effectively shield the tobacco companies from claims brought by injured smokers. The state courts also ruled out plaintiff use of the claim that the risks of smoking outweigh its benefits.

News of these rulings boosted tobacco stocks by diminishing, at least for the time being, the specter of large damage awards. But hedging its legal bets, RJR Nabisco next spring will regionally test market a presumably medically safer "smokeless" cigarette that heats rather than burns tobacco.

For the soft drink industry, 1987 was a year of strong volume sales as health-conscious consumers continued to move away from alcoholic beverages of all kinds. Historically more of a lunch or midday choice, soft drinks now compete with coffee and juice at breakfast and coffee-break time.

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Alcoholic beverages													
Brown-Forman	69/80	1	20.8%	16.4%	32.2%	8.3%	1	16.1%	4.7%	3	5.3%	5.0%	average
Anheuser-Busch Cos	77/●	2	20.3	22.7	48.4	7.4	2	14.7	9.3	1	15.2	26.1	very high
Seagram	●/●	3	11.5	11.7	27.8	17.3	4	5.1	18.2	2	8.9	12.8	high
Adolph Coors	83/●	4	6.8	4.9	0.0	3.6	3	8.2	1.2	4	2.0	–24.4	very low
Medians			15.9	14.1	30.0	7.8		11.5	7.0		7.1	8.9	
Soft drinks													
General Cinema	64/80	1	36.5%	22.6%	105.6%	10.8%	4	3.5%	4.1%	1	26.8%	27.0%	high
Coca-Cola	69/74	2	24.2	29.9	28.8	11.6	2	8.1	–2.8	4	12.9	31.3	high
PepsiCo	39/39	3	19.5	27.1	96.1	5.1	3	4.6	24.8	2	14.8	29.7	average
Coca-Cola Enterprises	●/●		NA	4.5	139.6	2.2	1	27.2	127.0	3	13.5‡	–23.0	NA
Medians			24.2	24.8	100.8	8.0		6.3	14.5		14.1	28.3	

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Sagging sales led a number of companies to pull out of wine and spirits. RJR Nabisco sold its Heublein division to Grand Metropolitan Plc., a British firm, and Quantum Chemical Corp. (formerly National Distillers & Chemical Corp.) sold its liquor division to American Brands.

Those companies preferring to stick it out are more willing than ever before to spend what is needed to promote alcoholic products central to their business. Thus, the House of Seagram spent $50 million on marketing Seagram's coolers, lifting it from fifth place to first over rival Brown-Forman's California Cooler. Brown-Forman will spend $40 million in 1988 aiming to regain the top spot. All this effort comes at a time when the wine-cooler market grew only half as fast as last year's and will have even less growth this year. ■

The 49% solution

Rob Nelson/Picture Group

Roberto Goizueta of Coca-Cola

Plenty of companies engage in the nonstop shuffling of financial assets with no clear strategy in sight. But under Roberto Goizueta, Atlanta, Ga.-based Coca-Cola Co.'s rearrangements have a purpose: to disperse control of operating divisions into the hands of managers who understand the intricacies of the businesses involved, while turning Coca-Cola itself into a genuine holding company whose shareholders can reap the rewards. Thus during 1987 Goizueta set in motion a plan to give Coke shareholders a windfall stock distribution in a new entertainment company, while continuing as owners of a parent with less debt on its books and greater borrowing power.

Here's the deal. On Dec. 17 Coke merged its Columbia Pictures subsidiary and other entertainment businesses with its 37% interest in publicly held Tri-Star Pictures, to form Columbia Pictures Entertainment Inc. Coke gets 75 million shares of newly issued Tri-Star common in exchange for its entertainment businesses. After redistributing 31% of the new company stock to Coke shareholders as a taxable, one-time dividend, Coke still retains a 49% interest in the new concern. The entity will have $3 billion in assets and be capitalized at about $1.6 billion.

In this manner, Coca-Cola can now share in Columbia Pictures' profits without jeopardizing its own earnings as sole proprietor of a company in the highly unpredictable entertainment business. Columbia Pictures, remember, recorded one of the costliest flops in Hollywood history last year with the movie *Ishtar.*

The deal recalls an earlier asset redeployment that Goizueta put in place at the company. In 1986 Coke spent $2.4 billion to acquire the bottling operations of JTL Corp., once the nation's largest Coke bottler, and of Beatrice Cos. He then combined the two operations and sold the public a 51% stake in the new company. In this way, Coke gained greater influence over its bottling operations, which provide the bulk of its profits through syrup sales. A similar deal was negotiated for its newly organized Canadian bottling company, in which the Atlanta company retained a 49% interest.

Yardsticks of management performance		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Tobacco													
UST Inc	85/●	1	31.0%	56.9%	9.7%	22.5%	4	13.5%	8.3%	3	18.2%	108.8%	very high
Philip Morris Cos	50/78	2	26.6	30.7	93.2	7.7	2	17.0	10.4	4	17.7	25.6	very high
Loews	15/35	3	22.6	17.8	47.7	5.8	5	12.9	13.3	1	25.0	–6.6	high
Dibrell Brothers	●/●	4	21.7	def	18.8	def	8	–0.2	1.3	2	24.2	P-D	high
RJR Nabisco	58/31	5	21.3	22.5	63.6	7.8	3	13.5	–1.8	6	8.2	25.9	high
Universal Leaf	49/57	6	18.8	19.4	27.7	2.7	9	–0.3	68.6	5	9.5	31.1	very high
American Brands	33/59	7	18.5	9.2	40.1	8.4	6	5.2	3.5	7	0.4	–33.1	very low
Standard Commercial Tob	59/78	8	13.6	10.4	14.9	2.0	7	4.8	19.8	8	–1.1	–0.9	very low
Culbro	NA/NA	9	10.4	26.0	24.2	4.0	1	24.0	–16.4	9	–1.7	11.3	very low
Medians			21.3	19.4	27.7	5.8		12.9	8.3		9.5	11.3	
Industry medians			20.5	19.4	32.2	7.4		8.2	8.3		12.9	12.8	
All-industry medians			12.8	13.6	48.6	4.3		6.8	8.3		5.3	13.9	

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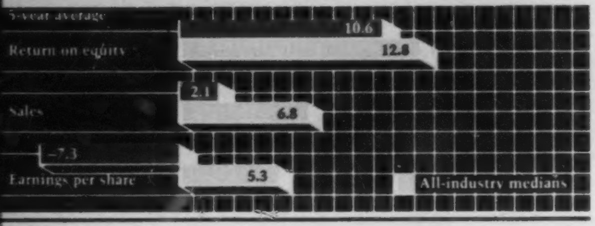
CHEMICALS

Renewed glitter for a tarnished commodity.



By Ruth Simon

LOWER OIL PRICES and an export-boosting weak dollar turned chemical companies into 1987 winners. Years of belt-tightening and pruning under pressure, which cut about 3% from productive capacity since 1983, also helped. Now, with the industry operating at 83% of capacity, the highest level in eight years, chemical makers are once again enjoying a seller's market. According to Drexel Burnham Lambert chemicals analyst William Young, prices are up about 4% over 1986 levels, and some producers are talking about adding capacity in selected products for the first time in the decade. All in all, 1987 was a good year for most companies in this group. Industry profits should hit a record $15.9 billion for the full year.

Such strength provided the basis for a spate of initial public offerings. Resulting newcomers to the list include Aristech Chemical Corp., Georgia Gulf Inc. and Himont Co., perhaps the industry's most efficient producer of polypropylene. "I can't remember when we've had chemical companies offered like that," says Salomon Brothers chemical analyst Leslie Ravitz. Bucking the trend was GAF's Samuel Heyman, who proposed a $2.3 billion leveraged buyout of his specialty chemicals company. That deal, like several proposed initial public offerings, was thrown into limbo by the market crash.

The industry's dealmaker par excellence was a former Con-

Monsanto's unconventional marketer

Moving out of commodities and into higher-margin pharmaceuticals and specialties is a common theme—indeed, common sense—in the chemical industry these days. Moving beyond conventional marketing wisdom is rarer. Credit Dr. Sheldon Gilgore for doing just that at G.D. Searle & Co., which has lost money since it was acquired by Monsanto in 1985.

Take the company's introduction in 1987 of Calan SR, a reformulated version of an off-patent angina drug that was approved for treating hypertension at the end of 1986. Since it's no longer protected by a patent, any competent manufacturer is now free to make verapamil HCl, the generic name for Calan. But by reformulating the drug, Searle gained three additional years of protection. Gilgore is also distributing $10 million of the drug through doctors to indigent patients free of charge. "Here was a golden opportunity to demonstrate social responsibility," says Gilgore, who joined Searle in 1986 after 23 years at Pfizer Pharmaceuticals. And a golden opportunity to generate good publicity for Searle, which hadn't introduced a new product since 1984.

Gary Sigman

Searle's Gilgore

The result? Calan's share of the market for calcium channel blockers has jumped from 10% to 24% since the program began. "It's a big winner," says Salomon Brothers chemical analyst Leslie Ravitz, who expects sales of $200 million this year, up from $125 million in 1987 and $65 million in 1986.

That has helped slow the losses at Searle, which lost about $90 million on sales of $825 million in 1987, largely because of heavy research spending. "We'll make money in 1989," says Gilgore, who promises at least one new product a year. Gilgore's latest marketing effort? "Patient promise," a controversial program that provides 100% refunds if a Searle product doesn't work or has unacceptable side effects.

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Diversified													
Rohm & Haas	●/●	1	15.5%	18.8%	24.0%	8.8%	5	2.6%	3.4%	1	14.0%	40.7%	high
Borden	33/35	2	14.4	17.7	68.0	4.2	4	3.2	24.0	3	10.1	23.7	very high
FMC	46/72	3	14.1	NE	NE	7.7	13	–2.3	–0.6	2	12.5	305.0	low
Univar	●/●	4	12.6	7.3	117.5	0.7	2	7.0	85.3	9	–28.2	22.0	low
Hercules	46/41	5	12.0	46.4	27.4	31.1	12	–0.2	1.3	4	5.9	287.1	low
EI du Pont de Nemours	43/59	6	10.6	12.7	22.5	5.8	3	3.5	4.3	5	3.8	6.4	very low
American Cyanamid	48/38	7	10.6	18.6	31.0	6.5	8	1.1	8.9	6	1.4	100.6	very low
Monsanto	68/●	8	8.2	10.9	38.8	5.6	9	0.6	4.2		NM	500.0	NM
Dow Chemical	41/31	9	8.0	20.4	62.4	8.4	11	–0.1	9.8	8	–9.0	308.9	very low
Union Carbide	79/●	10	7.2	17.5	304.2	2.8	15	–6.4	–5.7		NM	–76.8	NM

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

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oco vice president named Gordon Cain (FORBES, *July 13, 1987*), who used leveraged buyouts to snatch up out-of-favor petrochemical and plastics plants at bargain prices. The results include privately held Cain Chemical, with an estimated $1 billion in sales, and $413 million (sales) Sterling Chemicals. Says Myron Foveaux, an economist at the Chemical Manufacturers Association, "Everyone looks at him and says, 'My goodness, he's hit the jackpot.' "

Among the more established companies, one of the year's biggest winners was Dow Chemical, thanks to the profitability of petrochemicals and a restructuring program begun eight years ago. Restructuring also paid off for agriculture-dependent International Minerals & Chemical, which rebounded from an $80 million loss in the fiscal year ended June 30, 1986 to post a $15 million gain in fiscal 1987. The year's handful of losers included Henley Group, Inspiration Resources and NL Industries.

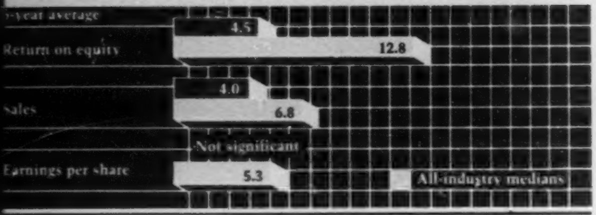
Expect the industry's good performance to continue in 1988, though perhaps not at 1987's strong rate. Also expect more acquisitions by Japanese and European companies, which are likely to do some bargain hunting in the wake of the stock market crash. "It's inconceivable that they are not looking at this opportunity right now," says Enrique Falla, chief financial officer of Dow Chemical, whose stock is up 38% for the year. "They can really make some very nice acquisitions in the U.S." ■

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
National Distillers	63/56	11	6.4%	22.9%	61.5%	9.5%	6	1.7%	16.6%	7	–8.2%	200.0%	low
Pennwalt	70/79	12	6.0	11.3	40.2	4.1	7	1.4	6.9		NM	57.3	NM
Olin	64/50	13	3.7	9.9	53.0	3.8	14	–2.4	8.5		NM	–8.7	NM
Aristech Chemical	●/●		NA	19.3	16.7	7.0	10	0.0	NA		NA	NA	NA
Henley Group	21/29		NA	def	20.6	def	1	30.7	8.8		NA	NA	NA
Medians			**10.6**	**17.5**	**38.8**	**5.8**		**1.1**	**7.7**		**–8.2**	**57.3**	
Specialized													
Morton Thiokol	55/72	1	24.8%	16.3%	3.1%	7.1%	2	20.0%	5.3%	3	14.0%	10.1%	low
Himont	●/●	2	21.1††	39.4	12.1	18.7		NA	11.0		NA	95.1	NM
Sequa	28/41	3	21.0	38.3	37.4	18.4	28	–3.9	91.7	1	40.0	500.0+	average
Intl Flavors & Frags	●/●	4	19.9	19.6	0.0	14.4	11	5.8	19.2	9	4.2	22.0	average
Nalco Chemical	●/●	5	19.5	18.1	3.9	9.3	21	2.0	9.3	13	–0.8	11.9	very low
Avery International	63/58	6	17.1	19.0	40.6	3.9	5	11.5	33.8	4	13.1	38.6	very high
Ethyl	46/62	7	16.1	20.1	60.8	11.4	24	–2.0	4.6	2	18.9	16.4	high
Witco	40/34	8	15.4	13.9	49.5	4.8	22	1.8	0.6	5	13.1	0.7	high
Dexter	38/30	9	15.0	15.6	39.3	5.4	12	5.2	16.5	10	3.3	25.9	average
Vulcan Materials	26/11	10	14.9	20.4	11.9	10.1	10	6.1	7.3	8	6.6	27.0	low
HB Fuller	●/●	11	14.3	17.1	20.3	4.1	6	10.2	15.5	6	8.0	29.3	average
GAF	50/77	12	14.1	16.6	69.5	12.5	18	3.2	8.6		NM	38.9	NM
Lubrizol	●/●	13	13.2	14.3	8.7	8.3	19	2.5	1.9	12	–0.7	7.8	very low
Engelhard	29/81	14	12.9	13.3	16.8	2.9	20	2.1	8.4	17	–8.8	50.0	average
Grow Group	53/59	15	12.3	def	240.4	def	7	8.7	25.5	7	7.5	P-D	average
Freeport-McMoRan	51/PD	16	10.9	32.4	48.8	22.6	26	–3.5	40.8	18	–18.9	500.0+	average
Tyler	40/51	17	10.7	6.7	122.4	1.1	17	3.5	11.7	15	–5.5	–1.4	very low
Air Prods & Chems	●/●	18	10.4	14.7	62.5	7.5	13	4.9	7.6	19	–35.9	500.0+	low
DeSoto	74/●	19	10.4	11.9	49.5	2.9	14	4.7	–6.2	16	–6.5	101.5	very low
Liquid Air	86/●	20	9.9	10.4	59.3	6.3	9	6.2	–1.0	14	–0.9	1.7	very low
Whittaker	38/43	21	9.1	14.5	21.2	6.8	34	–21.4	–27.3		NM	D-P	NM
Ferro	●/●	22	8.3	16.6	25.7	3.6	23	1.4	18.0	11	0.2	129.5	very low
Cabot	59/69	23	8.0	6.7	43.8	2.8	27	–3.7	8.7		NM	–44.5	NM
CBI Industries	39/77	24	6.9	2.5	40.3	1.5	15	4.5	–13.5		NM	–66.5	NM
Allied-Signal	24/28	25	5.1	16.1	55.9	5.3	3	13.0	–1.6		NM	D-P	NM
Great American Mgmt	43/23	26	4.8	0.1	217.4	0.4	1	42.9	48.1		NM	D-P	NM
Intl Minerals & Chem	67/54	27	4.3	3.6	66.6	2.7	31	–6.7	32.6		NM	D-P	NM
UGI	25/1	28	2.7	11.3	58.4	6.0	30	–6.5	–5.9		NM	D-P	NM
WR Grace	67/●	29	2.4	def	88.1	def	32	–8.8	–20.6		NM	P-D	NM
Koppers	42/26	30	def	14.5	22.5	4.8	29	–5.7	3.3		NM	D-P	NM
BF Goodrich	57/80	31	def	9.1	42.2	3.6	25	–2.4	–26.1		NM	D-P	NM
NL Industries	64/●	32	def	def	34.5	def	33	–12.3	–3.6		NM	D-D	NM
Inspiration Resources	57/21	33	def	def	67.4	def	8	7.5	5.4		NA	D-D	NM
Georgia Gulf	●/●		NA	55.5	82.7	10.5	4	11.6‡	10.6		NA	109.6	NA
Vista Chemical	●/●		NA	def	123.7	def	16	4.5	10.7		NA	P-D	NA
Medians			**10.7**	**14.5**	**43.8**	**4.8**		**3.4**	**8.4**		**–6.5**	**29.3**	
Industry medians			**10.6**	**14.5**	**41.4**	**5.3**		**2.1**	**8.4**		**–7.3**	**38.8**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

COAL

Despite record output, this industry is still in the pits.



By Kerry Hannon

LAST YEAR U.S. COAL PRODUCTION topped 905 million tons, a record. But that very glut, coupled with weak demand from a slimmed-down steel industry, kept prices soft, eaving the industry wallowing in the same slump it has been n since 1979. "The overhang will be with us until 1990," ays Joel Price, an analyst at Donaldson, Lufkin & Jenrette. "Then the demand for coal should increase if oil prices firm o around $20."

Utilities have taken advantage of the situation by demanding frequent downward price adjustments and by regularly enegotiating various long-term supply contracts. Spot coal prices for utilities averaged $24 per ton in 1987, or around 26% less than typical established contract prices. If coal companies don't talk, the utilities simply buy their way out of contracts and move into the spot market.

Meanwhile, the industry continued to diversify in 1987. Last year seven of the eight coal mining companies on our list eked out a profit in coal, but with the exception of Westmoreland Coal, most earnings came from non-coal-related activities. PacifiCorp, which owns 90% of Nerco, one of the largest U.S. coal producers, profited from investments in various electric utilities and telecommunications businesses. Building on that experience, the company has now agreed to buy Utah Power & Light in a stock swap valued at around $2 billion.

Other companies are following the same diversification

Yardsticks of management performance		**Profitability**					**Growth**						
							Sales			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Coal													
Nacco Industries	65/79	1	22.1%	20.3%	178.2%	7.2%	4	5.9%	−14.6%	1	93.2%	4.2%	very high
PacifiCorp	24/NA	2	15.8	14.9	101.9	12.5	1	10.5	7.7	2	3.5	12.8	low
Montana Power	28/26	3	13.2	7.2	72.5	8.8	3	6.1	1.2	3	−4.9	−55.5	very low
Eastern Gas & Fuel	42/DP	4	4.5	3.4	52.8	1.9	6	0.2	−35.1		NM	−70.6	NM
Westmoreland Coal	87/●	5	0.7	4.0	26.3	1.3	5	2.1	−1.5		NM	−63.3	NM
Pittston	46/71	6	def	2.4	9.9	1.0	8	−13.5	4.5		NM	50.0	NM
AMAX	51/83	7	def	20.2	78.8	6.9	7	−12.5	106.9		NM	D-P	NM
Cyprus Minerals	54/66		NA	2.5	13.8	2.7	2	8.0	−9.1		NA	D-P	NA
Industry medians			4.5	5.6	62.6	4.8		4.0	−0.2		NM	8.5	
All-industry medians			12.8	13.6	48.6	4.3		6.8	8.3		5.3	13.9	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

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strategy. Cyprus Minerals is aggressively moving into gold mining in order to offset the loss of two large coal supply contracts it had with now-bankrupt LTV Corp. Pittston Corp., once a leading Appalachian coal producer, now gets nearly 80% of its revenues, and virtually all its profits, from noncoal activities. In 1987 the firm paid $100 million to acquire WTC International, an air freight company.

Similarly, in 1987 Nacco Industries, the nation's eighth-largest producer, sold 15% of its remaining coal reserves for a net gain of $10 million, reinvesting the proceeds in its factory equipment business. And in March Eastern Gas & Fuel Co. unloaded its entire 12.7-million-ton-a-year coal business on Peabody Coal, to concentrate instead on a moneymaking barge operation. ■

Maverick miner

While his competitors are all rushing to get out of the business, the man who runs 133-year-old Westmoreland Coal Co. (estimated 1987 revenues, $540 million) is pushing more deeply than ever into the mining and marketing of coal. Edward B. Leisenring, 61, spent $24 million in 1987 to buy 150 million tons of low-sulfur steam coal reserves in Kentucky and another $50 million to modernize his mines. Another $50 million is earmarked for new equipment in 1988, fresh thinking indeed for an industry that has been downsizing for nearly a decade.

Capital spending is not the only area in which original thinking is taking Westmoreland Coal off in a different direction. While everyone else is tied in knots over how to deal with belligerent utilities demanding lower prices, Leisenring has put the problem behind him by dealing with it head-on: He has actively renegotiated every long-term contract on Westmoreland's books. Included: a 660,000-ton-a-year supply deal that Georgia Power wanted out of and Leisenring tore up for a cash payment of $35 million.

Such novel thinking brings results. Tonnage sold in 1987 was up 4% over 1986 levels, worker productivity has jumped 100% since 1983, and shareholder return on equity has remained steady with the industry mean. Earnings for 1987 will total around $1.40 a share, and by the early 1990s could easily exceed $3.

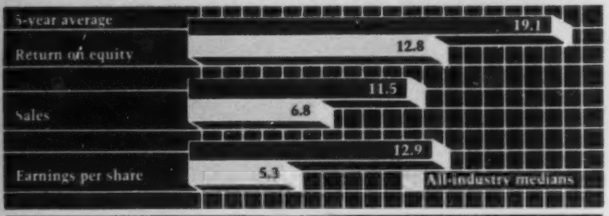
Some people might say Leisenring's strategy is backward-looking and unimaginative. But consider this: Energy prices are bound to rise eventually, and when they do, one company will stand apart as the only pure play in a reviving industry—Westmoreland Coal.

Edward B. Leisenring of Westmoreland Coal

Nick Kelsh

COMMUNICATIONS MEDIA

Finally, a long good-bye to high-priced deals.



By Lisa Gubernick

THE FEEDING FRENZY IN THE MEDIA BUSINESS lasted longer than anyone expected, but by 1987's end it was over, victim of overheated prices and the October crash. Paying $2,000 per cable subscriber came and went, as did multiples of 50 times earnings paid for book publishers.

Cablevision made a $294.5 million bid for Adams-Russell in July (the sale is expected by year-end), a price (with debt) equivalent to $2,000 per subscriber. That amounted to the high-water mark for the industry. "I think we're living in a fool's paradise with cable prices," noted a prescient Garner Anthony, the outgoing chairman of Cox Enterprises. By November quoted prices were down to around $1,700 a subscriber and falling fast. Another sign of a slowdown: the collapse of the $2 billion merger between United Artists Communications and United Cable Television.

On Broadcast Row, by contrast, 1987 remained a year of belt-tightening and uncertainty. Laurence Tisch oversaw substantial cutbacks at CBS. NBC successfully weathered a 17-week strike by the National Association of Broadcast Employees & Technicians, then eliminated 200 union positions—half from the August sale of NBC radio networks to Westwood One. Capital Cities/ABC Chairman Thomas Murphy continued cost-cutting at ABC, ultimately eliminating 1,400 of 14,000 jobs and cutting back on the money paid by the network to its affiliated stations. In the end, however, the networks wound up where they had begun, with NBC in first place in the November Nielsen sweeps (a 28% share), followed by CBS (23%) and Cap Cities/ABC in third (21%).

Last year was also the year that foreigners made big moves into U.S. advertising and publishing businesses. The appeal? A weak dollar, plus freedom from the sort of regulatory interference from Washington that gives fits to broadcasters. In the spring communications biggie Rupert Murdoch's Australian company, The News Corp., Ltd., picked up Harper & Row for $65 per share. In July WPP Group Plc., a London-

Overnight redesigner

In an industry in which diversification has long reigned supreme as a business strategy, Laurence Tisch stood out in 1987 as its most innovative, dynamic leader. While his two leading network rivals disappeared into non-network parents, Tisch aggressively reshaped CBS into the only pure play left in the network broadcast industry. "He has redesigned CBS overnight," says Smith Barney analyst Edward Atorino. "With the sale of the record division, Tisch has undone two decades of expansion."

In the last year Tisch has sold over $3 billion worth of businesses: $2 billion for its records division to Sony (the sale should be completed in early 1988); $650 million for an employee leveraged buyout of its magazine division; $500 million for the sale of its textbook publishing division; and $125 million for its music publishing division. Meanwhile, there has been cost-cutting aplenty as Tisch has pink-slipped some 30% of CBS' corporate staff, along with roughly 10% of the news division.

Result? Earnings per share should be up 30% from 1986 levels, to an estimated $9.80 in 1987. The fourth-quarter broadcast division figures are the bellwether of Tisch's stewardship. After losing an estimated $20 million in fourth-quarter 1986, broadcasting operations are expected to come close to breaking even for the same period in 1987.

Tisch has built a more efficient machine, but can he provide quality programming? CBS has not had a major new hit since *Murder, She Wrote* debuted in September 1984, and this fall season was no exception. In November Tisch replaced CBS' failed programming chief, Bud Grant, with Kim LeMasters, formerly vice president of programs. Tisch also negotiated a first call on any promising ideas to emerge from the new production company headed by ex-NBC chairman Grant Tinker. Under Tinker, NBC brought out such hits as *Hill Street Blues* and *St. Elsewhere,* and Tisch has now arranged what amounts to a risk-free way for CBS to tap that talent.

Laurence Tisch of CBS

Joe McNally/Wheeler Pictures

COMMUNICATIONS MEDIA

based marketing service concern, completed its purchase of the JWT Group, Inc. Britain's Robert Maxwell made a run for Harcourt Brace Jovanovich. HBJ's William Jovanovich beat him off with a complex recapitalization plan that put $40 a share in cash (plus stock worth about $10) into the pockets of happy HBJ shareholders. Unfortunately, HBJ was left with a negative net worth of $1 billion, leaving the firm extremely vulnerable to any downturn in the economy.

There were happier tidings on the newspaper front. After a five-year struggle, America's "McNewspaper," Gannett's Washington-based *USA Today*, in May finally turned its first monthly profit—$1.1 million. Meanwhile in Los Angeles, Times Mirror continued selling off weak operations, including most of its ownership in its forest products and newsprint subsidiary as well as a California-based commercial printer. The divestitures left the company poised to take advantage of the improved climate for advertising. Total lineage was up 5% over last year (through September), with actual dollars up about 10%. Other good news: Newspapers, which don't have many depreciable assets, should be prime beneficiaries of tax reform. Instead of paying an effective tax rate of 50%, the industry will pay only 40% in 1987. ■

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Publishing													
Commerce Clearing	57/61	1	41.3%	32.6%	2.2%	9.6%	15	9.3%	12.7%	14	12.2%	0.3%	high
Dun & Bradstreet	65/●	2	35.4	30.8	0.0	11.7	2	20.9	5.9	10	17.8	36.7	average
Deluxe Check	●/●	3	32.1	33.8	3.0	15.1	11	11.5	9.7	8	19.6	21.5	very high
Dow Jones	●/●	4	31.0	27.4	49.8	16.5	10	12.2	9.8	9	18.6	12.6	very high
Washington Post	75/65	5	27.7	36.2	58.4	12.4	14	10.2	9.5	5	28.8	64.4	very high
Times Mirror	78/76	6	23.3	23.8	58.7	10.1	20	7.6	4.7	6	22.2	–15.5	high
New York Times	●/●	7	22.4	21.8	34.9	9.2	5	13.4	8.3	7	21.3	18.7	very high
McGraw-Hill	●/●	8	21.9	18.1	0.6	9.2	21	7.4	9.8	18	9.4	2.3	very high
Time Inc	58/51	9	21.7	16.3	78.9	5.1	7	12.6	11.0	3	38.4	–45.9	NM
Jostens	21/NA	10	21.7	31.9	85.9	7.5	12	11.2	2.1	19	8.5	29.0	very high
Gannett	80/88	11	21.5	21.0	80.4	10.0	4	14.9	14.6	16	10.7	12.3	very high
Capital Cities/ABC	24/25	12	19.8	12.0	80.3	5.8	1	38.4	31.5	13	13.5	55.4	very high
Macmillan	75/85	13	19.1	21.5	113.6	7.4	3	15.7	18.7	1	40.5	16.9	very high
Meredith	73/59	14	18.7	11.2	5.6	5.9	22	4.6	8.7	12	13.9	–13.5	very high
RR Donnelley & Sons	●/●	15	17.8	25.9	10.9	8.8	6	12.8	13.0	11	15.0	69.5	very high
American Greetings	●/●	16	17.6	10.7	47.3	4.9	8	12.5	9.6	15	11.8	–22.2	average
Knight-Ridder	87/●	17	16.5	17.8	65.8	7.3	16	9.2	9.7	17	10.2	7.6	very high
Harcourt Brace	57/56	18	16.0	def	NE	def	9	12.4	26.6	2	40.0	P-D	high
Tribune	62/67	19	15.2	10.9	41.2	5.6	18	8.5	6.1	4	34.2	–60.6	average
Pittway	25/40	20	13.3	10.3	6.1	4.6	17	8.7	8.3	21	–0.9	–4.6	very low
Standard Shares	26/40	21	13.2	17.9	18.4	4.2	19	8.2	5.8	20	4.4	58.1	very low
Media General	42/77	22	13.2	def	61.1	3.3	13	11.2	13.3	22	–8.0	P-D	low
Gulf & Western	25/25	23	7.5	15.4	65.3	6.9	23	–14.5	22.8		NM	38.2	NM
Medians			19.8	18.1	47.3	7.4		11.2	9.7		13.9	12.3	
Broadcasting													
Time Inc	42/49	1	21.7%	16.3%	78.9%	5.1%	6	12.6%	11.0%	1	38.4%	–45.9%	NM
Capital Cities/ABC	76/75	2	19.8	12.0	80.3	5.8	1	38.4	31.5	4	13.5	55.4	very high
CBS	59/54	3	19.3	42.4	84.4	9.4	9	3.6	–5.9	6	6.8	105.0	low
Meredith	20/41	4	18.7	11.2	5.6	5.9	8	4.6	8.7	3	13.9	–13.5	very high
United Artists	34/50	5	16.8	6.8	500.0+	1.3	5	16.6	17.4	5	11.1	–9.5	very low
Media General	26/DP	6	13.2	def	61.1	3.3	7	11.2	13.3	7	–8.0	P-D	low
Tele-Communications	●/●	7	8.7	7.6	489.8	4.1	4	28.4	127.5	2	27.8	–34.7	average
Turner Broadcasting	60/20		NA	NE	500.0+	def	2	38.2	24.7		NM	D-D	NA
Viacom	●/82		NA	NA	255.0	def	3	28.7	15.9		NA	NA	NA
Medians			18.7	7.9	84.4	4.1		16.6	15.9		12.3	–24.1	
Media services													
Dun & Bradstreet	35/10	1	35.4%	30.8%	0.0%	11.7%	1	20.9%	5.9%	1	17.8%	36.7%	average
Ogilvy Group	●/●	2	20.0	16.5	18.4	4.0	2	14.3	26.5	3	12.3	–5.9	high
Interpublic Group	●/●	3	18.9	18.8	7.3	5.1	3	11.3	17.6	2	17.6	11.4	very high
Omnicom Group	●/●	4	7.5††	15.0	26.3	3.4	4	10.3‡‡	5.4		NM	500.0+	NM
Medians			19.5	17.6	12.8	4.6		12.8	11.7		14.9	24.0	
Industry medians			19.1	17.8	49.8	5.9		11.5	9.8		12.9	9.5	
All-industry medians			12.8	13.6	48.6	4.3		6.8	8.3		5.3	13.9	

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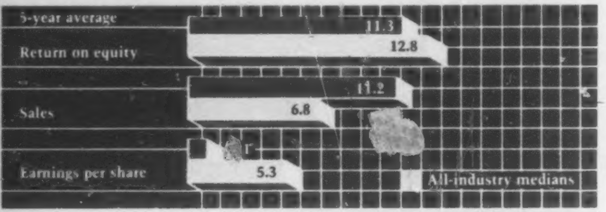
COMPUTERS AND ELECTRONICS

Turnaround time in a troubled industry.



By Marc Beauchamp

AFTER A TWO-YEAR SLUMP, this industry bounced back in 1987, thanks to new products, a weaker dollar and some protectionist assistance from Washington.

Early in the year, Apple unveiled its new, high-end Macintosh, which for the first time can be connected to computers made by International Business Machines. A few weeks later, IBM introduced its new personal computer family, the PS/2. Fault-tolerant computermaker Tandem broadened its product line and broke the $1 billion sales barrier. Compaq introduced its fastest-yet desktop computer, built around Intel's latest microprocessor. And Sun Microsystems launched the first in a family of ultra-high-performance work stations. New products also helped Digital Equipment Corp., whose earnings rose 84% over 1986 levels during the year.

This in turn spelled good news for semiconductor manufacturers. More than 30% of the chips made by U.S. companies end up in computers and office equipment. Intel posted record sales in the third quarter and likely earned $160 million this year versus a $183 million loss in 1986. Chip profits were up sharply at Motorola, and Texas Instruments'

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Computers													
Seagate Technology	●/●	1	61.1%	44.4%	85.3%	13.1%	2	106.6%	78.1%	8	22.4%	121.2%	low
Sun Microsystems	●/●	2	59.2†	22.2	52.9	6.7	1	190.2‡‡	137.8	1	130.4‡‡	87.9	very high
Telex	●/●	3	33.4	21.3	20.2	8.8	8	34.7	11.9	5	40.6	3.9	very high
Intergraph	●/●	4	30.0	13.0	1.0	10.7	5	47.5	–0.1	3	52.4	–8.8	very high
Tandy	30/NA	5	27.4	19.5	14.1	7.4	20	12.2	13.4	17	4.2	30.9	very low
Cray Research	●/●	6	27.1	29.6	22.7	20.6	7	41.4	21.8	4	46.6	19.0	high
IBM	●/●	7	23.9	13.3	10.5	8.6	19	12.4	3.3	14	8.7	–23.9	average
Apple Computer	●/●	8	23.5	29.8	0.0	8.2	6	43.7	39.9	9	17.8	38.1	average
Compaq Computer	●/●	9	22.0††	42.6	48.8	10.6	3	75.2‡‡	64.6	2	124.8‡‡	120.6	very high
Prime Computer	●/●	10	19.3	12.9	107.8	6.2	12	19.4	10.2	15	5.7	12.5	low
SCI Systems	●/●	11	18.3	13.4	109.9	2.9	4	60.6	25.7	7	30.1	16.5	very high
Hewlett-Packard	86/NA	12	17.4	14.6	2.2	8.0	14	15.2	13.9	13	10.2	23.8	average
Reynolds & Reynolds	50/44	13	16.9	11.8	44.0	3.8	16	13.8	39.3	6	30.1	–21.7	NM
Carlisle Cos	37/23	14	15.7	10.3	185.3	3.6	24	4.9	14.6	18	–7.5	18.5	average
NCR	90/NA	15	14.8	16.1	4.5	7.3	23	7.3	14.5	11	12.7	21.6	very high
Wang Laboratories	●/●	16	14.6	def	44.1	def	10	26.1	9.4	20	–23.3	P-D	very low
Tandem Computers	●/●	17	12.2	17.7	1.1	10.2	9	29.2	34.9	12	12.1	50.0	average
Digital Equipment	●/●	18	11.3	19.5	4.3	12.4	11	19.5	23.4	16	5.6	64.7	low
Harris Corp	38/31	19	9.9	9.3	14.8	4.2	22	8.9	–0.5	19	–12.2	36.5	high
Amdahl	●/●	20	7.3	22.8	26.7	8.8	13	17.9	53.3	10	16.0	438.6	very low

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returned to the black.

Many chipmakers benefited from Reagan Administration sanctions on Japanese electronics companies for dumping chips, as well as for limiting access to the huge Japanese chip market. The sanctions forced Japan's Ministry of International Trade & Industry to order production cuts. As gray markets dried up and the yen strengthened, chip prices rose and profit margins widened for U.S. firms.

But U.S. chipmakers themselves deserve credit as well. During the slump of the last two years they cut workers,

Plowing ahead anyway

Project Scheduling

John Akers of IBM

Louis Psihoyos

IBM innovative? You'd hardly know it from the lousy press it had in 1987: Yet more stories on the supposed death of the mainframe, how Digital Equipment is eating IBM's lunch and how the clones have taken over the personal computer business.

Yet for all the bad press, IBM stands apart as the most innovative company in the industry—if for no other reason than its new line of personal computers, the PS/2. While the rest of the world seemed obsessed with IBM's woes of slumping profits (off nearly 20% since 1984) and high overhead, Chief Executive John Akers pushed ahead with the PS/2 anyway.

Though late in getting into personal computers, IBM quickly set the standard. Now IBM is not only the sun in the personal computer solar system but, with the advent of the PS/2, it will begin to "alter the way individuals, work groups and departments do business for the next 10 to 15 years," predicts Norman DeWitt, Dataquest's personal computer expert.

The PS/2's improvements go beyond such cosmetics as graphics and convenient windows. With the PS/2, users soon will be able to run more than one program simultaneously as well as easily share data with other PCs, minicomputers and mainframes. The PS/2's new operating system, jointly developed with Microsoft, will vastly expand the amount of memory available to software developers, opening the way to a huge new world of PC programs for the 1990s.

From its introduction in April through October, IBM shipped 1 million PS/2s. (The original IBM PC took 28 months to reach that milestone.) For now the cheaper machines are selling best. But longer term, with an enhanced operating system and new software, the PS/2 should help IBM win back market share from the clones and boost earnings.

overhead and capacity so as to make the most of the upturn when it came.

Meanwhile, the industry began its long-expected consolidation. Bigger firms, some analysts argue, are better suited to take on the Japanese. Thus, in August, Advanced Micro Devices and Monolithic Memories merged. Then, in October, National Semiconductor paid $122 million in stock and warrants for Silicon Valley pioneer Fairchild after Washington blocked a reported $225 million bid by Japan's Fujitsu on national security grounds.

Unfortunately, the turnaround largely eluded the companies that make the equipment that semiconductor firms use in their manufacturing processes. Growth in the equipment market is likely to wind up no more than about 5% in dollar terms for 1987 as a whole, largely because many chipmakers are discovering that they can make do with existing capacity.

What's next? The October stock market crash bloodied this volatile stock group more than most, and slower economic growth or even a recession has become a possibility. But after two years of cost-cutting and restructuring, computer makers and chip makers are in a much better position to cope with whatever happens. ■

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Unisys	●/●	21	6.5%	def	46.0%	1.8%	15	14.6%	43.5%		NM	P-D	NM
Data General	●/●	22	5.9	def	12.6	def	17	13.2	0.5	21	–24.6%	P-D	very low
Computervision	●/●	23	4.8	8.1%	72.0	2.7	18	12.9	14.7		NM	D-P	NM
Zenith Electronics	36/NA	24	4.3	def	67.9	def	21	9.0	27.8		NM	D-D	NM
General Instrument	20/ 6	25	def	def	42.3	def	26	–4.2	27.3		NM	D-D	NM
Gould	53/17	26	def	2.7	55.1	1.7	29	–10.7	–11.4		NM	D-P	NM
Datapoint	●/●	27	def	def	55.0	def	27	–4.9	–4.0		NM	D-D	NM
Control Data	●/●	28	def	def	46.1	def	25	2.2	–2.4		NM	D-D	NM
Storage Technology	●/●	29	def†	NE	129.9	2.4	28	–8.0	6.7		NM	–68.2%	NM
Medians			**14.8**	**13.0**	**44.0**	**6.2**		**14.6**	**14.6**		**5.7**	**18.5**	
Electronic equipment													
EG&G	●/●	1	28.0%	22.0%	7.6%	4.4%	2	11.2%	4.6%	5	8.8%	3.8%	average
Sequa	47/47	2	21.0	38.3	37.4	18.4	14	–3.9	91.7	1	40.0	500.0+	average
Pitney Bowes	●/●	3	19.3	34.5	16.5	8.5	6	7.3	11.9	2	19.3	93.7	very high
AMP	●/●	4	18.8	19.9	5.3	10.3	3	9.7	18.9	7	2.6	62.0	very low
Bairnco	25/11	5	15.6	14.5	42.0	4.5	1	25.5	7.8	3	17.8	30.7	high
Perkin-Elmer	45/DP	6	12.5	def	6.8	def	9	4.6	1.6	8	1.1	P-D	very low
Tektronix	●/●	7	11.1	4.5	20.3	2.8	8	5.5	2.6	10	–8.1	–21.9	very low
Tyler	40/10	8	10.7	6.7	122.4	1.1	10	3.5	11.7	9	–5.5	–1.4	very low
General Signal	48/29	9	10.3	7.2	9.7	4.2	13	0.2	–7.0	11	–12.5	93.3	average
Eaton	61/11	10	9.6	17.9	52.2	6.6	7	7.1	–10.8	4	9.4‡‡	70.9	very low
Corning Glass Works	31/44	11	9.5	11.4	28.7	8.1	11	3.0	9.0	6	8.0	–8.0	low
Varian Associates	81/DP	12	9.2	5.1	8.7	2.2	5	8.6	10.3		NM	D-P	NM
Honeywell	32/25	13	6.1	def	26.4	def	12	1.9	–8.9		NM	P-D	NM
General Instrument	51/41	14	def	def	42.3	def	15	–4.2	27.3		NM	D-D	NM
Natl Semiconductor	48/●	15	def	def	9.1	def	4	9.5	20.0		NM	D-D	NM
Gould	47/83	16	def	2.7	55.1	1.7	16	–10.7	–11.4		NM	D-P	NM
Medians			**10.5**	**6.9**	**23.3**	**3.5**		**5.0**	**8.4**		**–2.2**	**17.3**	
Semiconductors													
Advanced Micro	●/●	1	11.9%	def	20.7%	def	1	18.5%	45.3%		NM	D-D	NM
Motorola	31/21	2	11.3	9.7%	11.7	4.2%	2	12.7	13.3	1	–9.0%	48.2%	very low
Avnet	77/73	3	10.9	4.4	33.6	1.8	6	4.9	12.3	2	–15.6	28.6	average
Intel	●/●	4	5.5	6.6	26.2	5.2	3	12.1	37.7		NM	D-P	NM
Texas Instruments	40/12	5	4.3	16.2	22.7	3.8	7	4.2	11.3		NM	D-P	NM
General Instrument	29/53	6	def	def	42.3	def	8	–4.2	27.3		NM	D-D	NM
Natl Semiconductor	52/DP	7	def	def	9.1	def	4	9.5	20.0		NM	D-D	NM
Arrow Electronics	●/●	8	def	def	149.2	0.1	5	9.4	13.0		NM	D-D	NM
Medians			**4.9**	**0.3**	**24.4**	**0.9**		**9.5**	**16.6**		**NM**	**NM**	
Industry medians			**11.3**	**11.4**	**26.4**	**4.2**		**11.2**	**13.0**		**1.1**	**19.0**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

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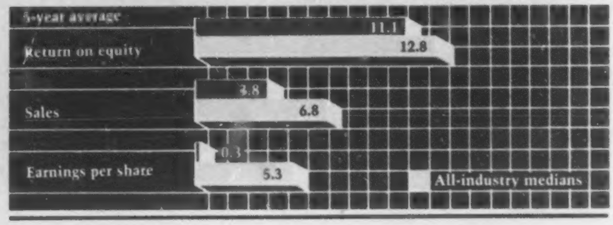
CONGLOMERATES

Nip-and-tuck operations were all the rage, but stocks sagged anyway.



By Laura Jereski

INSTEAD OF PLAYING the mergers and acquisitions game, the companies in this industry by and large stayed sellers, just as they were in 1986. Their goal: to get rid of low-return-on-assets businesses and concentrate on a handful of top performers. With a high stock market for most of the year, divestitures continued unabated.

For some, the strategy is paying off nicely. Gone, for example, are ITT's low-return telecommunications businesses. In their place is a corporate focus on higher-margin activities in insurance, electronics and hotels. With proceeds of various divestitures, ITT has been buying in its stock, thereby reducing the number of outstanding shares. This has been partly responsible for boosting the firm's earnings per share to $5.02 over the last 12 months.

Yardsticks of management performance	**Profitability**					**Growth**						
	Return on equity					**Sales**			**Earnings per share**			
Company	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Fuqua Industries	1	25.6%	17.5%	87.4%	6.2%	13	3.4%	–9.8%	6	9.4%‡	–9.3%	low
Teledyne	2	21.4	15.2	28.0	7.7	16	1.6	0.5	3	18.9‡	10.3	low
Minn Mining & Mfg	3	18.8	19.9	8.9	9.7	7	5.9	8.4	9	3.4	20.5	average
American Brands	4	18.5	9.2	40.1	8.4	8	5.2	3.5	11	0.4	–33.1	very low
Dover	5	18.4	16.5	4.1	6.8	6	8.7	7.2	12	0.2	20.1	very low
Raytheon	6	18.3	21.8	2.1	5.6	9	5.2	8.4	8	5.2	14.5	low
Berkshire Hathaway	7	17.2	8.6	2.7	8.8	3	33.3	21.3	2	46.0	–60.2	high
Figgie Intl	8	14.6	15.9	27.6	4.8	10	3.9	8.0	7	7.7	11.7	average
Alco Standard	9	14.0	17.1	69.7	2.2	5	11.3	–15.8	13	–2.9	35.6	average
Household Intl	10	13.5	22.0	456.4	8.2	23	–18.9	–16.0	4	16.6	47.6	high
Emhart	11	13.2	14.1	59.7	4.2	14	3.1	19.0		NM	D-P	NM
Textron	12	11.1	18.5	84.5	4.0	4	17.9	13.1	5	15.5	32.0	average
Insilco	13	10.6	10.4	44.5	4.9	12	3.8	–4.2	10	2.3	21.2	very low
Jim Walter	14	10.3	14.7	66.6	7.0	11	3.9	2.8	1	72.4	10.2	very high
ITT	15	8.5	11.0	33.6	9.7	22	–14.0	–39.0	14	–12.5	111.9	average
DWG	16	8.3	25.4	289.1	2.0	2	37.9	4.2		NM	D-P	NM
Tenneco	17	7.5	def	132.8	0.1	18	–0.6	–4.3		NM	D-D	NM
Penn Central	18	6.7	5.7	2.9	7.6	19	–6.5	–33.7		NM	21.9	NM
IC Industries	19	4.5	12.2	82.7	4.5	15	1.6	–5.2		NM	D-P	NM
GATX	20	def	16.1	500.0+	6.9	21	–13.7	–4.4		NM	83.1	NM
Amfac	21	def	def	67.3	def	17	–0.4	–8.0		NM	D-D	NM
Allegheny Intl	22	def	def	NA	def	20	–7.9	–40.2		NM	D-D	NM
Pullman	23	def††	9.5	23.4	3.0	1	166.3‡	8.4		NA	–5.0	NM
Industry medians		**11.1**	**14.7**	**52.1**	**5.6**		**3.8**	**0.5**		**0.3**	**20.1**	
All-industry medians		**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

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Similarly, IC Industries in September decided to spin off the Illinois Central Gulf Railroad to shareholders to concentrate more fully on commercial and consumer products. By clearing some $340 million of low-return assets from the balance sheet, winners like the Pet food division can shine through. The company has also been buying back its shares, as have Figgie and GATX.

But in spite of good intentions, diversified companies as a group once again underperformed the market. Many of these stocks fared worse than the 6% decline in the S&P 500 in the year to mid-December. Why the dismal showing? One reason, says Jack Kelly at Goldman, Sachs, is that these companies tend to get their biggest boost at the dawn of a bull market. In the latter stages of the market, they tend to fade while the market surges ahead.

But don't expect the change in investment fashion and the stock crash of October to slow divestitures by the diversified companies. Some companies may feel tempted to sell finance and insurance subsidiaries if for no other reason than to make the best of some inconvenient new accounting rules due to take effect in 1988.

Until now, most companies have preferred to consolidate income statements, but not the balance sheets, of highly leveraged subsidiaries. So handled, the parent companies' books show relatively low debt but great profit margins and return on equity.

Beginning this year, however, companies will have to consolidate both or neither. Thus, for example, ITT's 3.8% return on assets could drop to 1.7%, because the ITT balance sheet will have to reflect the huge Hartford Insurance and ITT Financial balance sheets. This accounting rule, which alters the appearance of financial statements without changing the underlying realities, will also affect American Brands, Berkshire Hathaway and Textron, among others. Divesting themselves of heavily indebted operations could help solve the problem. ■

Foxy Fuqua

The real goal of the companies in this group is not the production of goods or services but the production of impressive financial returns, and in 1987 Fuqua Industries proved itself the most innovative of the lot. Because of looming changes in accounting rules that are to take effect in 1988, the company faced the prospect of having to consolidate its balance sheet with that of a Fuqua subsidiary, Georgia Federal Savings & Loan. Doing so would have greatly pushed up Fuqua's reported debt and lowered its return on assets, thereby doing potentially grave damage to the stock.

Fuqua had already decided to sell Georgia Federal by the time Wall Street crashed in October, and so far as the company's quick-witted founder and chairman, J.B. Fuqua, 69, is concerned, nothing has changed since then. Fuqua paid $223 million to acquire the bank and expects to realize about $400 million from its sale. In addition to a neat profit, Fuqua can thereby avoid consolidating Georgia Federal on its balance sheet.

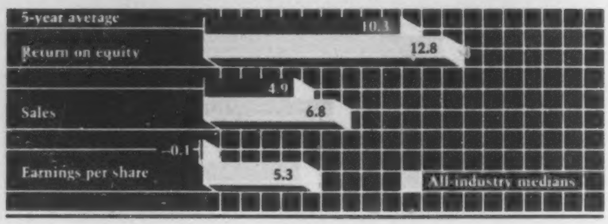
Fuqua will not use the money from the Georgia Federal sale to repay its debt because it is cheaper to hold on to it. Nor does it see any good bargains in acquisitions. Instead it plans to buy back almost half its shares. Such a tactic is nothing new for Fuqua, who has been steadily reshaping his company since 1979, when it peaked at slightly more than $2 billion in sales. While other conglomerators were busy acquiring, Fuqua had already begun divesting some of its low-margin businesses, and now has been reduced to four operating divisions. Today Fuqua's sales are about $750 million, yet return on equity stands at just over 25%—twice what it was when the restructuring began. In sum, investors in Fuqua Industries don't necessarily get a stake in a thriving, product-oriented enterprise. But they do get a chance to profit from some of the canniest financial acumen in business.

J.B. Fuqua of Fuqua Industries

Rob Nelson/Picture Group

CONSTRUCTION

In 1988 three words will say it all: Look out below.



By Jack Willoughby

IF IT WASN'T CLEAR BEFORE, it is now: The construction business has peaked. The year ahead will be slow whether the economy surges, slows or slides into recession, and builders and suppliers can look forward to tightening margin pressure as inventories swell and cost-cutting spreads.

The year 1987 saw the squeeze begin. In cement making, demand and prices were up, but Mexican imports surged and pressure on profit margins intensified. Now, with the dollar in decline, hard-pressed U.S. companies are being scooped up by European rivals like Britain's Blue Circle, Tarmac and

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Residential builders													
MDC Holdings	84/74	1	29.3%	10.3%	313.8%	3.0%	1	64.9%	24.9%	6	27.7%	–44.9%	very high
Pulte Home	●/●	2	23.7	11.3	32.0	2.9	5	16.4	1.9	8	7.9	18.4	very low
Fleetwood Enterprises	37/12	3	23.1	14.5	0.0	3.4	2	26.0	7.8	1	74.7	16.8	average
Ryland Group	●/●	4	22.1	31.9	92.7	4.2	3	25.5	31.2	3	48.6	41.0	high
Centex	45/65	5	13.3	8.3	49.0	2.2	6	8.2	–6.2	5	32.4	–38.8	NM
Del E Webb	45/●	6	9.4	def	47.0	def	9	–5.7	–5.1	2	55.6	P-D	NM
Skyline	67/55	7	6.7	9.7	0.0	4.0	7	4.6	1.2	7	10.6	19.1	high
Kaufman & Broad	48/45	8	6.5	18.8	212.1	4.0	4	19.4	35.9	4	37.6‡‡	54.5	high
US Home	88/●	9	def	1.8	112.6	0.4	8	–3.1	–1.2		NM	D-P	NM
Medians			**13.3**	**10.3**	**49.0**	**3.0**		**16.4**	**1.9**		**32.4**	**18.4**	
Commercial builders													
Turner	●/●	1	21.7%	def	54.5%	def	9	3.2%	16.6%	2	0.4%	P-D	very low
Dover	40/37	2	18.4	16.5%	4.1	6.8%	4	8.7	7.2	3	0.2	20.1%	very low
Blount	59/3	3	15.7	4.7	123.9	0.5	2	10.7	2.8	9	–19.1	66.7	low
Centex	43/5	4	13.3	8.3	49.0	2.2	5	8.2	–6.2	1	32.4	–38.8	NM
Morrison-Knudsen	76/23	5	12.1	def	26.0	def	12	–0.7	–10.2	4	–0.1	P-D	very low
DynCorp	44/28	6	11.5	11.1	5.5	1.3	3	10.4	17.7	7	–14.9	149.1	average
United Technologies	31/DP	7	10.9	4.5	43.2	1.1	10	3.2	8.8	10	–33.9	–62.0	average
Foster Wheeler	38/34	8	10.6	5.7	45.3	2.0	16	–6.6	–1.1	8	–17.6	1.4	very high
American Standard	46/38	9	10.5	14.6	35.9	3.6	6	6.8	4.9	5	–3.1	38.3	very low
Guy F Atkinson	76/35	10	10.1	5.0	25.1	1.0	17	–7.8	7.0	6	–10.0	–14.5	low
CBI Industries	54/1	11	6.9	2.5	40.3	1.5	8	4.5	–13.5		NM	–66.5	NM
Fischbach	●/●	12	5.2	def	34.7	def	11	–0.3	–0.2		NM	D-D	NM
Enserch	35/DP	13	5.2	2.6	95.9	1.3	14	–3.9	–5.9		NM	D-P	NM
Perini	●/6	14	3.5	8.5	47.5	1.1	13	–3.0	–4.1		NM	152.8	NM
Halliburton	38/2	15	3.3	0.9	9.5	0.6	20	–14.9	–18.1		NM	D-P	NM
Butler Manufacturing	79/75	16	2.8	2.5	29.8	0.5	7	6.1	9.3		NM	–70.7	NM
Trinity Industries	42/41	17	2.5	2.3	109.4	0.7	15	–5.1	12.8		NM	–42.5	NM
Dravo	65/DP	18	def	def	26.3	def	19	–12.3	–24.8		NM	P-D	NM
Fluor	79/●	19	def	def	35.9	def	18	–8.8	–2.5		NM	D-D	NM
Henley Group	40/3		NA	def	20.6	def	1	30.7	8.8		NA	NA	NA
Medians			**10.1**	**2.6**	**35.9**	**0.9**		**1.4**	**1.3**		**–33.9**	**–38.8**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

CONSTRUCTION

Hanson Trust. More than half of the domestic capacity is already owned by foreigners.

Not all regions of the country were evenly affected. Builders in the booming Northeast had a profitable year, with cities like Boston and New York especially strong. In metropolitan Hartford the vacancy rate for commercial space was the lowest in the nation, at 13%. But in cities like Austin and Denver, developers are buckling under vacancy rates of 40% and 27% respectively.

Overall, residential construction dropped 11% from the 1986 level, to 1.6 million starts during 1987. But most of the decline came in multiple-family dwelling units, hard hit by tax reform. This year could see a further decline, to as low as 1.4 million starts.

Commercial and public works construction dropped, too, but not as fast as some had earlier expected. Construction

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Cement and gypsum													
USG	49/77	1	18.6%	41.3%	102.0%	8.5%	1	16.4%	7.6%	2	39.0%	33.3%	high
Texas Industries	46/25	2	10.3	def	169.7	0.1	3	14.5	–7.5	3	–6.2	P-D	low
Lone Star Industries	●/●	3	7.1	14.9	56.6	11.7	5	–0.2	–9.1		NM	276.8	NM
CalMat	●/●	4	6.8	20.0	15.9	11.4	2	16.1	54.9	1	47.8	79.5	low
Lafarge	●/●	5	def	13.3	52.1	5.4	4	4.0	20.6		NM	119.7	NM
Moore McCormack	●/PD	6	def	6.5	38.4	5.8	6	–7.8	–11.6		NM	D-P	NM
Ideal Basic Inds	●/●	7	def†	def	500.0+	def	7	–10.9	–12.7		NM	D-D	NM
Medians			**6.8**	**13.3**	**56.6**	**5.8**		**4.0**	**–7.5**		**NM**	**79.5**	
Lumber													
Willamette inds	35/28	1	10.6%	20.9%	50.5%	8.0%	5	5.3%	18.6%	1	45.6%	76.5%	high
Potlatch	26/17	2	7.2	18.3	58.4	8.4	7	3.0	2.3	5	16.1	94.2	low
Georgia-Pacific	67/73	3	6.4	16.9	40.6	5.3	2	6.3	16.0	4	20.0	76.9	average
Weyerhaeuser	45/48	4	6.1	13.0	41.6	6.2	4	5.6	22.4	6	5.7	81.1	low
Boise Cascade	25/25	5	4.6	10.1	61.8	4.2	6	5.2	2.2	3	20.0	80.3	very low
Louisiana-Pacific	85/89	6	3.8	11.7	55.7	6.1	1	9.4	27.1	2	20.8‡‡	105.3	average
Champion Intl	24/21	7	3.8	14.0	64.2	8.1	3	5.7	–0.2		NM	119.3	NM
Medians			**6.1**	**14.0**	**55.7**	**6.2**		**5.6**	**16.0**		**20.0**	**81.1**	
Other materials													
Philips Industries	81/81	1	22.7%	21.9%	19.0%	6.1%	3	19.5%	15.8%	4	26.3%	21.0%	very high
Tyco Laboratories	66/51	2	18.9	13.7	147.6	2.6	5	14.3	20.8	10	10.4	–26.4	high
USG	51/23	3	18.6	41.3	102.0	8.5	4	16.4	7.6	2	39.0	33.3	high
Masco	87/●	4	18.1	20.7	83.4	12.7	6	10.1	46.8	9	14.0	26.2	high
Carlisle Cos	29/49	5	15.7	10.3	185.3	3.6	15	4.9	14.6	20	–7.5	18.5	average
Bairnco	71/81	6	15.6	14.5	42.0	4.5	2	25.5	7.8	6	17.8	30.7	high
Vulcan Materials	57/87	7	14.9	20.4	11.9	10.1	13	6.1	7.3	12	6.6	27.0	low
PPG Industries	37/40	8	14.7	21.5	45.7	7.0	8	7.8	10.4	7	15.4	39.6	high
Stanadyne	51/●	9	14.5	13.6	9.6	5.6	14	5.4	6.3	13	5.5	8.5	very low
GAF	49/22	10	14.1	16.6	69.5	12.5	21	3.2	8.6		NM	38.9	NM
Emhart	25/52	11	13.2	14.1	59.7	4.2	22	3.1	19.0		NM	D-P	NM
Nortek	81/68	12	12.6	8.5	228.4	1.6	1	31.3	50.4	11	7.1	–36.6	low
Armstrong World Inds	74/75	13	12.4	17.8	7.1	6.3	10	7.6	22.0	3	34.5	26.1	high
Temple-Inland	22/37	14	11.5††	14.4	33.1	8.7	20	3.5	26.6	8	14.2‡‡	79.9	low
Tyler	20/39	15	10.7	6.7	122.4	1.1	19	3.5	11.7	18	–5.5	–1.4	very low
Insilco	32/ 5	16	10.6	10.4	44.5	4.9	17	3.8	–4.2	15	2.3	21.2	very low
Harsco	34/42	17	10.6	13.0	12.0	5.5	23	2.6	–3.3	14	2.5	29.8	very low
American Standard	27/36	18	10.5	14.6	35.9	3.6	11	6.8	4.9	16	–3.1	38.3	very low
Jim Walter	NA/NA	19	10.3	14.7	66.6	7.0	16	3.9	2.8	1	72.4	10.2	very high
Coleman	29/28	20	10.3	10.4	45.4	3.1	9	7.6	20.3	19	–6.6	14.2	low
Owens-Corning	53/66	21	9.5	NE	NE	6.4	7	9.7	–17.2	17	–3.2	234.2	very low
CertainTeed	●/●	22	8.1	11.9	17.2	5.3	12	6.3	2.5	5	20.9‡‡	4.7	very high
Crane	82/85	23	3.2	28.0	61.5	3.7	26	–4.2	8.4		NM	122.7	NM
Manville	72/71	24	def	13.0	36.1	6.8	24	–1.2	7.0		NM	88.0	NM
Koppers	58/69	25	def	14.5	22.5	4.8	27	–5.7	3.3		NM	D-P	NM
HH Robertson	81/●	26	def	def	54.2	def	25	–2.1	–5.4		NM	D-D	NM
York International	●/●		NA	NA	29.3	2.7	18	3.7	31.9		NA	NA	NA
Medians			**11.9**	**13.9**	**44.5**	**5.3**		**5.4**	**8.4**		**4.0**	**26.6**	
Industry medians			**10.3**	**11.1**	**45.3**	**3.7**		**4.9**	**7.2**		**–0.1**	**26.2**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

activity remained robust in Boston, New York, Washington and several other cities. Spending for new schools and hospitals also rose. Still, the real value of overall nonresidential construction dropped 5%, to a seasonally adjusted $74.9 billion, by the end of the third quarter.

An even steeper decline now looms as a result of the October stock market crash. "A lot of the projects under way today were approved as long as three years ago. So the total level of building remains high even though the new contracts have slipped substantially," says Barbara Alexander, analyst for Salomon Brothers Inc.

Even strong contractors were pinched. Turner Corp., top on our list, reported its first loss in 27 years. Morrison Knudsen Corp. set aside $70 million in reserves for losses from the sale of its real estate development division.

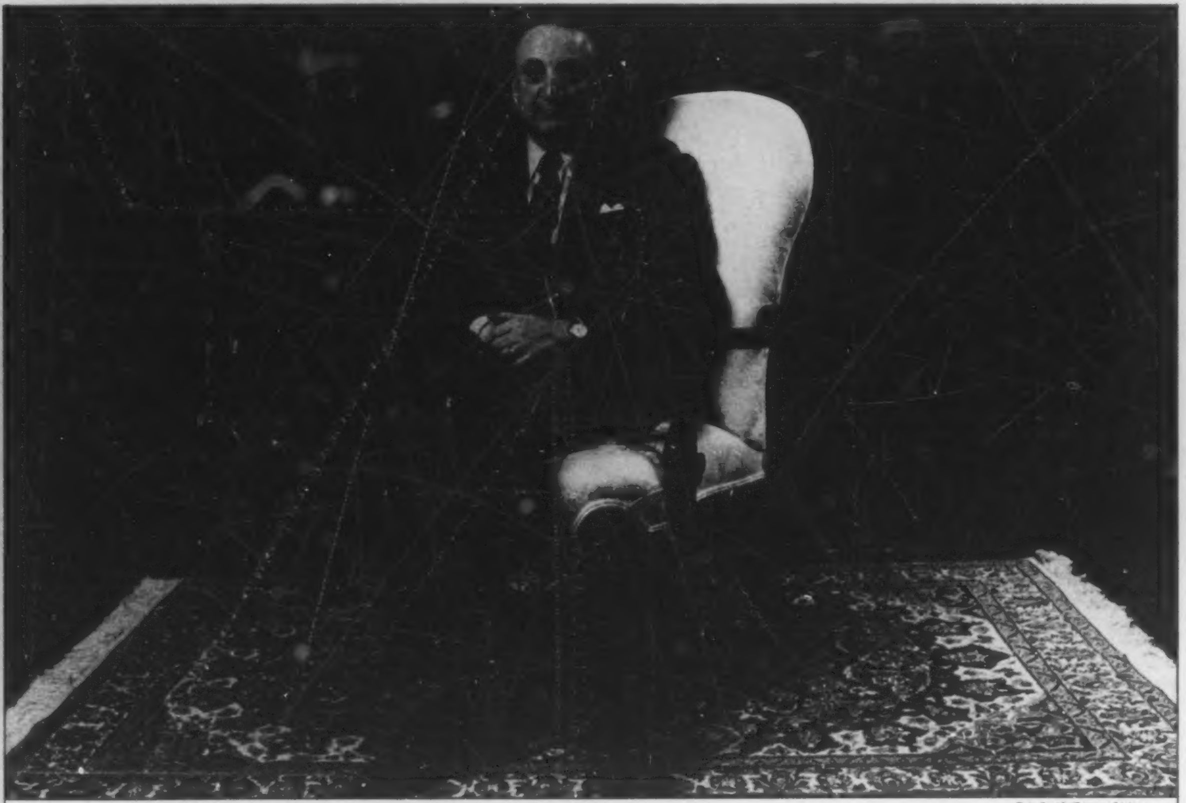
Lumber and forest products constitute about the only genuinely bright spot in the industry. All major manufacturers enjoyed the combined benefits of a restrictive tax on Canadian lumber and rising exports brought on by a weakening U.S. dollar and aggressive marketing overseas. With slightly slower housing starts this year, lumbermen can only hope for a more active repair and remodeling market. ■

Homebuilding's niche player

Up in Taylor, Mich., Masco Corp. makes just about everything that goes into a house once the walls and roof are up—from Merillat kitchen cabinets right up to Delta and Peerless bathroom faucets. As a result, Masco's own profits and growth are strongly affected by the health of the homebuilding industry. Other companies are in a similar situation, but of them all Masco has approached its business with a market-oriented philosophy that has made it a virtual Procter & Gamble of the building trades.

Under Richard Manoogian, 51, Masco has established pretax margins of over 20% and an unbroken 30-year profit record. His technique: bringing mass market economies of scale to the highly fragmented niches in residential homebuilding. In the faucet industry alone, Masco now holds some 30% of the entire U.S. market; the firm spends more on retail advertising, product development and automation than all its competitors combined.

Home furnishings is the primary focus of Masco's current efforts. In the last 18 months, Masco has spent $800 million to buy leading, top-quality furniture makers like Drexel Heritage and Lexington. Now the company is planning to capitalize on the investment by improving customer service and introducing a greater range of product choices—the same technique it has used successfully everywhere else it invested in homebuilding. Says Manoogian, "With a broader product line, the customer needs you even more."

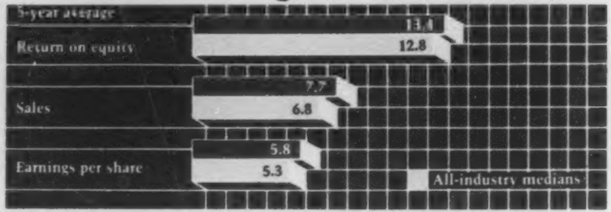


Richard Manoogian of Masco Corp.

Eric Smith/Gamma-Liaison

CONSUMER PRODUCTS

Some consumer stocks thrive whether consumers themselves suffer or not.



By Deirdre Fanning

FEW COMPANIES SEEM more dependent on consumer spending habits than the companies on this list. They are, after all, "consumer products" makers. But in fact many of these firms enjoy robust sales whether the economy is strong or weak.

The companies most vulnerable to economic downturns are home furnishings and appliance makers, and in 1987 signs appeared that they were beginning to suffer as the 5-year-long spending binge of the Reagan years started to run out of steam. Most companies in these groups enjoyed revenue and profit gains over 1986, but the rate of rise has slowed, and for some companies 1987 was a year of stagnating sales at best. Few things in life are easier to postpone buying than a new dryer or dishwasher. Without the prospect of solid economic growth in 1988 and beyond, many manufacturers in this industry have little to look forward to except sluggish sales to customers with 15-year-old machines that have worn out and need to be replaced.

By contrast, although household and personal products companies started 1987 underperforming the market, these recession-resistant stocks more than held their own at year's end. Tambrands Inc., formerly limited to a line of feminine hygiene products, moved more deeply into a 1986 investment in at-home biological test kits. The diversification cost some 50 cents per share off 1987's aftertax earnings. But Daniel Meade, an analyst at First Boston Corp., says the move should begin to pay for itself in 1990.

Gillette spent much of 1987 fighting off corporate raider Ronald O. Perelman of Revlon. Virtually forced into action by Revlon's three takeover advances, Gillette underwent a long-overdue restructuring that included shedding most of its unprofitable eye care and all of its fancy jewelry businesses, and focusing more on its core products—toiletries, small appliances and writing instruments.

The 1988 outlook for stocks in this group will depend largely on the strength of the economy and the dollar. If both continue to weaken, companies like Gillette and Avon, which have foreign operations, are likely to show better earnings—and thus stock prices—than those with largely domestic businesses. ■

Better than butter

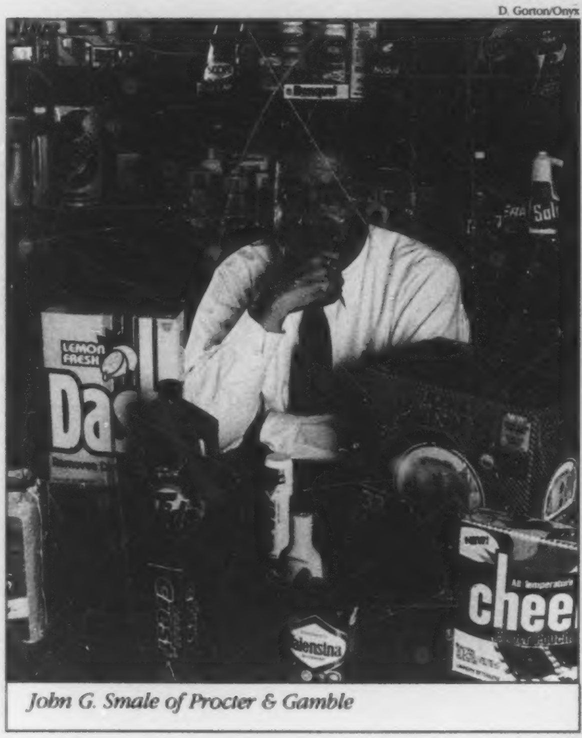
Anyone for diet french fries or low-calorie fried chicken? After years of watching its share of many markets decline in the face of increased competition, industry giant Procter & Gamble, led by longtime Chief Executive John G. Smale, is fighting back with what could be one of the big consumer products of the Nineties: a sucrose polyester fat substitute called olestra, to replace conventional oils and fats.

Olestra is a calorie- and cholesterol-free food additive to be used for both at-home and commercial cooking, and the innovation couldn't be coming along at a better time. Although Procter's sales in 1987 were up 10% from 1986 levels, Smale's tenure has been one marked by increasing competition from companies like Kimberly-Clark, Unilever and Colgate-Palmolive. Corporate restructurings and personnel reorganizations are all well and good, but the surest way to pull ahead of the pack is with an innovative new product that promises to be a long-lived staple.

That's a philosophy Procter has done well with since its founding in 1837. Down the years the firm's list of product innovations has ranged from bath soap that floats to fluoride toothpaste and synthetic detergent.

Chief Executive Smale continues to believe that product is the key to success. As a percentage of sales, Procter's research and development budget is one of the biggest in the industry, and when the company realigned its marketing department last year—the first such undertaking in a quarter century—one of the main objectives was to get product managers more strategically positioned within the organization to keep the innovations coming.

D. Gorton/Onyx



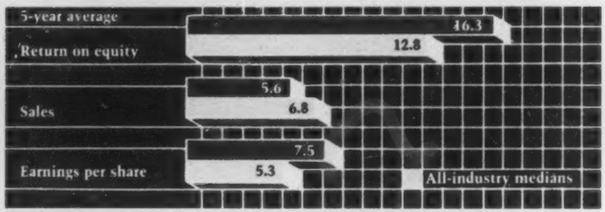
John G. Smale of Procter & Gamble

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Appliances													
Emerson Radio	●/●	1	33.9%	def	93.8%	def	1	63.2%	12.6%	1	119.9%	P-D	NM
Fuqua Industries	28/47	2	25.6	17.5%	87.4	6.2%	16	3.4	–9.8	5	9.4‡	–9.3%	low
Maytag	85/78	3	23.9	28.5	33.2	8.2	6	11.5	7.5	3	24.5	42.0	high
Chicago Pacific	●/●	4	20.9†	9.7	126.0	2.4	2	35.8	105.4	11	2.0	63.9	very low
Emerson Electric	26/26	5	19.7	18.3	16.3	7.6	9	8.6	24.6	8	6.4	6.8	very high
General Electric	23/24	6	19.3	21.3	28.1	6.3	15	4.4	24.9	7	8.7	33.0	very high
Whirlpool	●/●	7	17.8	13.8	13.0	4.4	5	11.9	6.6	6	9.4	–11.0	very high
Stanley Works	37/35	8	14.5	14.7	56.7	4.9	13	7.0	17.5	4	11.6	–1.0	average
Briggs & Stratton	●/●	9	13.4	8.0	0.0	3.0	14	5.3	5.2	10	3.3	–25.8	very low
Arvin Industries	28/DP	10	13.4	16.3	48.0	3.5	3	15.9	59.3	2	30.9	4.8	very high
Pittway	40/25	11	13.3	10.3	6.1	4.6	8	8.7	8.3	12	–0.9	–4.6	very low
Standard Shares	41/25	12	13.2	17.9	18.4	4.2	10	8.2	5.8	9	4.4	58.1	very low
Roper Corp	●/●	13	10.9	26.7	57.3	2.8	12	7.2	23.7		NM	55.3	NM
Toro	●/●	14	5.6	24.0	69.6	3.3	4	12.6	48.2		NA	32.6	NM
Zenith Electronics	64/NA	15	4.3	def	67.9	def	7	9.0	27.8		NM	D-D	NM
Black & Decker	●/●	16	def	9.0	38.5	2.9	11	7.7	8.0		NM	93.9	NM
American Hoist	27/PD	17	def	def	100.0	def	18	–8.3	–16.5		NM	D-D	NM
Allegheny Intl	NA/NA	18	def	def	NA	def	17	–7.9	–40.2		NM	D-D	NM
SSMC	79/●		NA	4.5	6.2	1.7	19	–11.9	7.8		NA	NA	NA
Medians			**13.4**	**13.8**	**43.2**	**3.3**		**8.2**	**8.3**		**4.4**	**1.9**	
Home furnishings													
Rubbermaid	●/●	1	21.1%	22.6%	9.9%	8.5%	2	18.7%	26.8%	3	19.1%	19.4%	very high
Leggett & Platt	81/82	2	19.8	20.2	41.6	6.0	3	18.2	13.0	4	18.0	17.3	very high
Shaw Industries	●/●	3	19.6	19.8	68.7	4.0	1	21.3	24.0	1	44.5	57.3	high
Kimball International	82/81	4	17.0	17.1	6.5	6.5	5	11.2	20.6	5	15.0	19.6	high
West Point-Pepperell	43/56	5	10.7	10.3	40.4	3.5	9	6.8	14.0	11	–4.0	16.4	very low
Corning Glass Works	26/9	6	9.5	11.4	28.7	8.1	11	3.0	9.0	8	8.0	–8.0	low
Interco	24/35	7	8.8	9.4	13.6	4.2	13	–0.6	22.2	10	–2.4	13.9	very low
Springs Industries	42/64	8	7.9	15.2	52.0	3.4	7	8.9	9.3	12	–12.3	202.3	average
Fieldcrest Cannon	●/●	9	6.8	6.9	132.0	1.2	4	12.7	44.8	9	5.8	4.6	very low
Talley Industries	28/18	10	5.6	def	109.5	def	14	–0.8	–12.9	2	21.9‡‡	P-D	very high
Amoskeag	●/89	11	5.5	5.8	239.3	0.6	6	9.6	43.2	6	12.6	–3.5	high
Mohasco	●/●	12	5.2	5.2	18.3	1.5	10	5.5	6.4	7	8.7‡‡	–9.9	average
JP Stevens	53/56	13	3.9	10.8	31.8	3.5	15	–3.0	–8.5		NM	38.6	NM
E-II Holdings	NA/NA		NA	NA	292.5	0.1	8	8.8‡	9.3		NA	NA	NA
Premark Intl	42/●		NA	def	39.1	def	12	2.5‡	12.7		NA	P-D	NA
Medians			**8.8**	**10.6**	**40.4**	**3.5**		**8.8**	**13.0**		**8.7**	**15.1**	
Household products													
Clorox	●/●	1	20.6%	14.7%	3.7%	10.0%	1	8.2%	7.1%	1	17.4%	–13.3%	very high
Procter & Gamble	33/58	2	17.2	6.9	40.4	2.4	2	5.6	6.9	4	–1.2	–45.6	very low
Sterling Drug	41/NA	3	15.6	19.7	21.7	8.5	3	1.2	15.4	3	3.1	57.7	low
Greyhound	35/●	4	11.7	15.9	61.5	7.0	4	–12.5	–2.4	2	5.5	63.9	low
Medians			**16.4**	**15.3**	**31.0**	**7.8**		**3.4**	**7.0**		**4.3**	**22.2**	
Personal products													
Tambrands	●/●	1	29.8%	29.0%	0.0%	14.5%	1	15.2%	10.0%	3	11.5%	10.2%	very high
Bristol-Myers	22/18	2	23.8	24.2	5.6	3.9	7	6.9	10.7	2	13.0	19.4	very high
Shaklee	89/●	3	20.6	8.6	8.3	4.0	14	–3.6	23.1	8	3.7	–67.2	very low
Hillenbrand Inds	45/48	4	17.7	23.8	39.9	7.9	2	11.1	14.8	4	10.0	57.2	high
Johnson & Johnson	43/24	5	17.3	27.1	8.1	9.9	9	4.8	11.8	10	–2.5	121.5	very low
Procter & Gamble	43/57	6	17.2	6.9	40.4	2.4	8	5.6	6.9	9	–1.2	–45.6	very low
Gillette	88/●	7	16.3	13.0	198.6	1.5	11	3.5	14.7	13	–24.8	–63.1	low
Kimberly-Clark	78/70	8	15.0	19.8	29.2	6.5	4	9.2	11.9	6	6.6	46.8	high
Schering-Plough	35/28	9	14.4	24.5	12.1	11.4	10	4.7	15.3	7	4.8	46.4	high
Colgate-Palmolive	74/56	10	13.0	4.7	67.0	0.8	13	–1.4	11.2	12	–7.5	–62.4	very low
Grow Group	26/34	11	12.3	def	240.4	def	6	8.7	25.5	5	7.5	P-D	average
Avon Products	67/66	12	11.7	22.8	146.6	5.0	12	–0.1	13.4		NM	D-P	NM
Scott Paper	68/60	13	11.1	15.5	90.5	5.5	5	8.9	22.3	1	17.5	17.9	average
Alberto-Culver	49/54	14	7.4	15.3	31.1	3.5	3	9.9	0.0	11	–5.8	88.2	very low
Medians			**15.7**	**17.6**	**35.5**	**4.5**		**6.2**	**12.7**		**4.3**	**18.6**	
Industry medians			**13.4**	**14.7**	**39.5**	**3.9**		**7.7**	**12.6**		**5.8**	**16.4**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

ELECTRICAL EQUIPMENT

A boom year it wasn't, and tougher times are still to come.



By Jill Andresky

GLITZY, THEY'RE NOT. But electrical equipment manufacturers have once again logged impressive results, outperforming all-industry profit margins for the eighth straight year. More than that, the achievement comes during a stagnant year for the construction and utility industries, which normally drive demand for generators and other electrical equipment.

What fueled the fire? Some of the most aggressive cost-cutting measures in U.S. business and a continued trend toward faster-growth lines such as electronics.

Still, 1987 scarcely constitutes a boom year. Sales were up by just 4.6%—far below 1984's peak 11.7% increase.

Along the way, industry leaders have continued to shift assets to their strongest lines. General Electric made plans to trade its sickly consumer electronics operation for a division of Thomson, S.A. that would bolster its medical equipment line. Emerson Electric, whose margins dropped from 8.3% to 7.6% after a recent acquisition, targeted $450 million worth of weak divisions for divestiture.

After a two-year restructuring that raised margins from 5.9% to 6.9%, Westinghouse has geared up one of the industry's largest research efforts: studying the use of superconductors in electric power generation.

Meanwhile, smaller rivals National Service Industries and Hubbell, both with sizable cash chests, readied themselves to make niche acquisitions. Managements wary of paying too much for them will wait for the next cyclical slump to knock prices down.

Hard times are coming. During 1987 companies found business in exports, replacement orders and construction projects begun before tax reform. But by midyear 1988 much of this demand will have dried up, leaving perennial laggards General Signal and Cooper Industries particularly vulnerable. Expect companies like General Electric and Emerson Electric, with diversified product lines and strong export bases, to weather the storms best. ■

Straw hat in winter man

Fred Dusto of Hubbell, Inc.
Claudio Edinger/Gamma-Liaison

Most managers say it's diversify or die in this no-growth industry. But Fred Dusto, 59, chief executive of Hubbell, Inc., just laughs. The $600 million Connecticut firm that Dusto has run since 1983 has consistently produced better profit margins than the rest of the industry—with little debt and no diversification.

Last month Dusto announced he was taking early retirement. It is thus now a fitting time to give him credit for Hubbell's accomplishments. When times were good, he introduced new specialty products, kept a tight fist on costs and built up cash. During downturns, he shopped for bargain-basement acquisitions.

Last year Dusto proved his finesse at turning around cheap but troubled acquisitions. When he bought Bell Electrical Products from competitor Square D for $10 million, the line was squarely in the red, despite a 65% share of its market. Within nine months, Dusto was earning 9% profit margins, after cutting production costs and improving distribution. Says he, "Our commitment to the industry is important for our distributors, our end-users and our own future."

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Emerson Electric	63/64	1	19.7%	18.3%	16.3%	7.6%	2	8.6%	24.6%	6	6.4%	6.8%	very high
General Electric	26/12	2	19.3	21.3	28.1	6.3	8	4.4	24.9	5	8.7	33.0	very high
National Service	41/41	3	18.2	16.4	4.3	5.7	1	9.2	3.4	4	8.7	6.4	very high
Hubbell	●/●	4	17.4	18.5	2.4	10.6	6	5.5	4.7	3	9.5	12.0	high
Westinghouse	76/64	5	16.5	23.5	18.3	6.9	9	3.0	–5.9	1	11.7	19.2	high
Square D	82/●	6	16.1	17.4	17.3	8.0	5	5.7	4.5	7	1.1	31.8	very low
WW Grainger	●/●	7	15.4	15.0	3.2	6.9	4	7.6	12.1	2	10.0	4.1	high
Raychem	73/83	8	12.3	16.3	3.6	8.1	3	8.5	17.5	8	–0.5	50.7	very low
General Signal	21/30	9	10.3	7.2	9.7	4.2	10	0.2	–7.0	10	–12.5	93.3	average
Cooper Industries	51/66	10	9.1	11.4	51.2	4.8	7	5.1	–3.3	9	–7.9	9.9	low
Industry medians			**16.3**	**16.9**	**13.0**	**6.9**		**5.6**	**4.6**		**7.5**	**15.6**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

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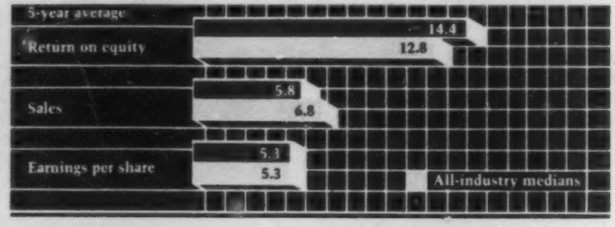
ELECTRIC UTILITIES

From engineering to cable TV, it's a brave new world for electric utilities.



By Edward F. Cone

DURING 1987 THE COMPANIES on this list saw the further unfolding of changes that are dramatically reshaping the industry. To begin with, more than a decade of construction projects in which more than $300 billion had been invested, often unwisely and wastefully, continued to wind down. In 1984 investor-owned electric utilities spent over $35 billion on generating plants, both nuclear and conventionally powered, either under construction or in advanced stages of development. Last year they spent $28.5 billion, and this year they will spend only $26.5 billion.

Meanwhile, as deregulation rippled through government at both the federal and state levels, more and more electric utilities broadened into competitive businesses they had never been involved in before, from real estate development to distribution of cable TV programming. Thus, in 1987 industry leader Duke Power set up a subsidiary selling construction

Yardsticks of management performance		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Northeast													
New England Electric	●/●	1	17.7%	15.6%	119.5%	11.9%	16	3.4%	0.0%	7	9.9%	3.6%	very high
United Illuminating	●/●	2	17.6	16.4	110.6	21.5	20	2.4	0.5	12	5.6	12.0	high
Northeast Utilities	●/●	3	17.6	13.3	112.3	12.2	10	4.8	–0.4	2	16.4	–17.9	high
Commonwealth Energy	61/70	4	17.2	11.2	80.0	5.2	17	2.6	0.5	3	15.2	–24.9	average
Potomac Electric	●/●	5	16.5	18.4	82.7	15.9	4	6.3	–0.9	4	14.8	8.7	very high
Central Hudson G&E	86/●	6	15.5	12.5	84.7	14.3	23	1.2	–10.2	16	4.6	–19.4	high
Allegheny Power	●/●	7	15.4	15.3	111.9	11.2	22	1.2	7.7	15	4.7	1.2	very high
Delmarva Power & Lt	84/●	8	15.2	14.0	89.8	13.1	15	3.7	–8.9	6	9.9	–5.9	very high
Baltimore G&E	76/●	9	15.2	16.7	78.8	16.3	9	4.8	1.3	5	11.2	10.2	very high
NY State E&G	86/●	10	15.1	def	149.0	10.2	2	11.1	3.6	14	4.7	P-D	high
Niagara Mohawk Power	80/●	11	15.1	4.8	113.5	6.7	12	4.3	–2.8	19	2.9	–64.2	average
Rochester G&E	65/84	12	15.1	6.1	130.2	7.2	14	3.8	–2.7	13	4.8	–53.4	average
Consolidated Edison	81/88	13	14.7	14.2	59.0	11.8	21	1.8	–4.6	11	5.9	12.9	high
Long Island Lighting	82/●	14	14.3	4.4	88.3	10.5	11	4.7	1.9	20	1.0	–62.0	very low
Philadelphia Elec	87/●	15	14.1	12.2	103.8	16.4	8	5.1	4.1	18	3.0	–19.6	high
Orange & Rockland	73/89	16	14.0	13.5	84.7	8.9	19	2.4	–6.7	17	4.0	–0.3	very high
Pub Svc Enterprise	69/●	17	13.4	9.6	91.7	8.2	7	5.1	–5.0	9	7.8	–29.1	very low
Boston Edison	●/●	18	13.3	13.3	81.2	9.4	18	2.5	4.9	8	8.2	0.4	average
Atlantic Energy	●/●	19	12.8	13.3	97.4	10.6	6	5.7	10.7	10	6.2	–2.8	low
Pennsylvania P&L	●/●	20	12.2	12.9	105.4	14.5	1	15.2	–4.1	21	–2.2	15.3	low
Central Maine Power	●/●	21	10.2	9.0	84.0	6.5	3	8.0	9.7	22	–26.4	–17.0	low
General Public Utils	●/●	22	6.6	14.0	88.6	9.3	5	6.3	–4.1	1	54.3	39.0	high
Public Service NH	●/●	23	6.4	11.6	117.3	27.6	13	4.1	0.6		NM	–5.0	NM
Medians			15.1	13.3	91.7	11.2		4.3	0.0		5.6	–5.0	
North central													
Public Service Ind	●/●	1	19.6%	96.0%	183.4%	13.2%	9	7.3%	–2.2%	25	–20.5%	3.8%	average
UtiliCorp United	32/●	2	18.2	13.2	109.7	5.4	2	23.0	12.3	2	10.3	1.7	high
Kansas Power & Light	40/79	3	16.8	15.0	84.6	7.6	1	29.4	–4.8	6	8.7	–3.0	high
No States Power	80/●	4	16.6	15.4	75.5	12.3	12	6.2	–3.5	5	8.9	1.9	very high
Wisconsin P&L	77/●	5	16.5	14.9	71.6	10.9	16	4.6	–4.9	9	6.8	6.7	very high
Ipalco Enterprises	●/●	6	16.3	22.3	86.9	25.0	6	8.0	11.3	1	13.9	87.2	high
Wisconsin Energy	79/●	7	16.1	15.1	77.0	12.1	19	3.9	–3.6	3	10.0	3.7	very high
Illinois Power	69/●	8	16.1	16.3	96.4	26.3	24	3.5	2.3	11	6.3	7.1	average
Union Electric	●/NA	8	16.1	16.4	95.4	19.1	3	9.8	8.1	4	8.9	12.3	high
Iowa-Illinois G&E	52/87	9	16.0	15.0	87.7	12.5	13	5.5	–11.6	20	2.0	12.5	low
Kansas City P&L	●/●	10	15.6	9.4	111.9	13.5	10	7.0	5.9	19	2.2	–23.7	very low
Commonwealth Edison	●/●	11	15.6	15.5	91.2	19.5	8	7.5	6.5	7	7.9	4.7	high
Wisconsin Public Svc	69/●	12	15.5	14.0	52.6	9.0	23	3.5	–4.0	8	7.9	0.5	high
Centerior Energy	●/●	13	15.5	14.0	104.8	21.0	14	5.5	5.8	14	5.0	3.0	average
Cincinnati G&E	70/●	14	15.0	20.0	98.3	14.7	15	4.8	–1.5	10	6.8	11.4	average

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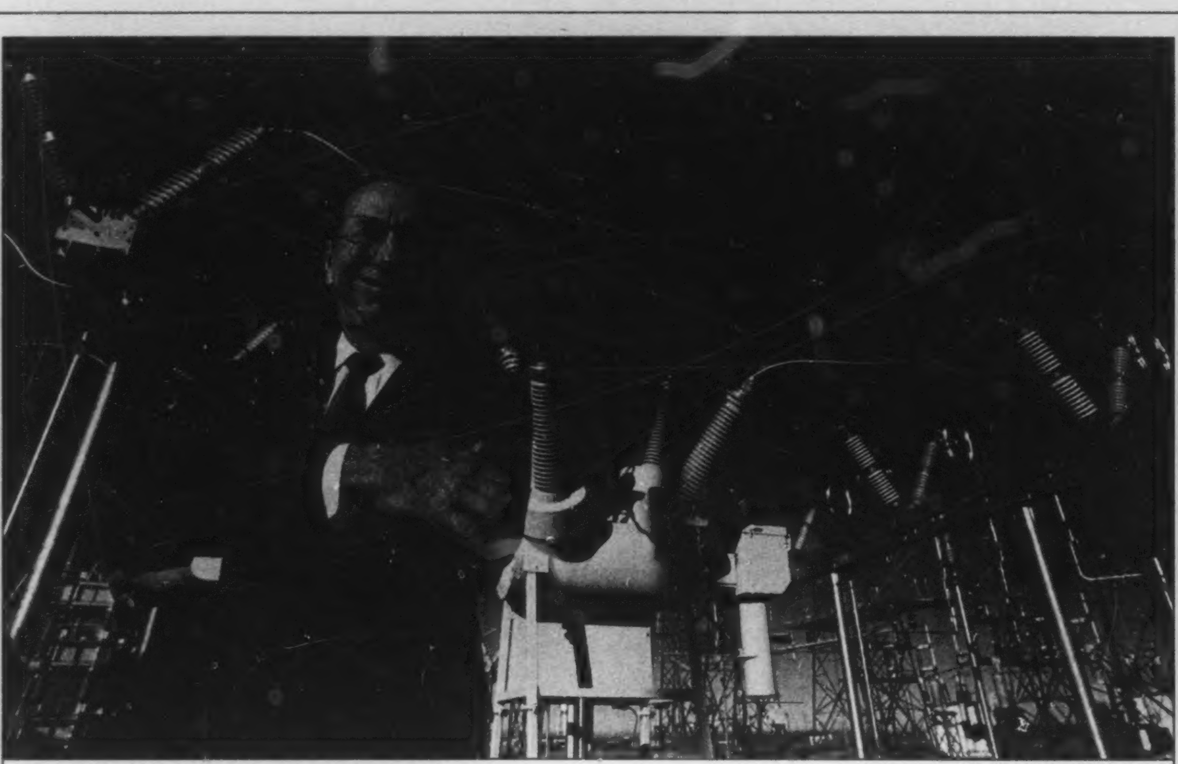
and design engineering services for power plants. Similarly, Dominion Resources Inc. of Virginia entered into a joint venture for a hydroelectric project in Louisiana, half a continent away from its regulated service area. Central & Southwest Corp. is factoring customers' bills sent out by affiliates and nonaffiliates.

But uncertainty about future demand continues to cloud the outlook. While kilowatt-hour sales in the commercial and residential market segments should grow a modest 2% to 2.5% in 1988, industrial sales might slacken with the weakening of the economy. There is already excess capacity in most regions with new plants becoming operational. Public Service Co. of Indiana, for instance, now has an abundance of power.

Continuing fallout from misguided nuclear projects of years past also still plagues some companies. Public Service of New Hampshire, saddled with a 35.6% share of the inoperative Seabrook nuclear plant, threatened to become the first

Electric Disco



Jerry Geist of Public Service Co. of New Mexico

Jeffrey Muir Hamilton/Picture Group

Jerry Geist, chairman of Public Service Co. of New Mexico, heads a utility with myriad problems. The local economy he serves, based on coal, uranium and other commodities, has declined. The state's stringent environmental laws raise power costs. Geist, 53, must find a way to remain competitive on price, the industry's situation in microcosm.

Now Geist has proposed a bold plan, currently under review with the state Public Service Commission, which could herald a new era for electric utilities. What he plans to do is split his company in two.

Under Geist's strategy, PNM would become a wholesale producer of power called a generating company, or Genco, and a distribution company, or Disco, which would serve PNM's customer base. The Genco will consist of power plants and transmission lines. Its primary customer will be the Disco, after which it is free to shop its excess capacity around to the highest bidder, wherever that bidder may be located.

"The idea behind the split is to recognize that the vertically integrated electric utility business is changing," says Geist. "Distributing to retail customers is a different business from producing huge amounts of power."

Disco would be initially spun off to shareholders as a publicly traded master limited partnership, with yields similar to a traditional electric utility. Genco would be its sole supplier of power for five to seven years, after which Disco would be free to shop around for cheaper power if it could find it.

Approval for the Geist plan seems likely by spring, and the arrangement would be fully operational by the end of the year. Other utilities are watching the situation in New Mexico with interest. If PNM goes Disco, watch the fever spread.

investor-owned utility since the Depression to file for bankruptcy. Long Island Lighting's Shoreham nuclear plant, which proved viable in testing, sits unused and inoperative, awaiting regulatory approval of an emergency evacuation plan in case of accident. The plant may or may not open in 1988. Lilco is also the target of a hostile takeover effort from a group determined to keep Shoreham closed.

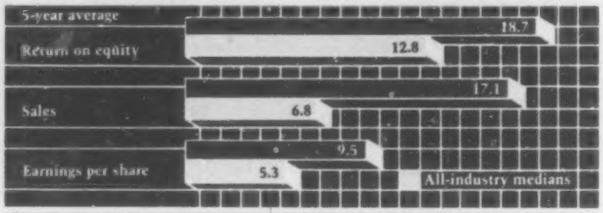
Whatever happens to the economy in 1988, look for utility stocks to continue to follow interest rates. But don't expect them to remain bond substitutes forever. In the years ahead, as utilities become more like industrial companies, their stocks should behave accordingly, with market values reflecting earnings prospects more than just debt load and the regulatory environment in which the companies operate. ■

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Ohio Edison	●/●	15	14.5%	15.3%	107.8%	24.8%	11	6.6%	1.4%	13	5.0%	6.6%	high
Iowa Resources	●/●	16	14.1	12.8	141.3	13.0	27	–0.6	3.4	18	2.3	–9.8	low
CILCorp	63/82	17	13.8	14.7	84.9	10.0	25	1.6	–4.7	16	3.7	5.8	high
Central Ill Pub Svc	81/●	18	13.3	11.4	75.7	11.7	18	3.9	–6.7	21	1.9	–11.7	very low
Detroit Edison	●/●	19	13.1	17.7	125.1	19.5	7	7.6	–0.2	12	6.1	26.0	high
DPL	73/●	20	12.7	16.8	122.4	14.0	17	4.2	–2.7	23	–6.1	98.8	very low
Duquesne Light	●/●	21	12.4	9.1	121.8	14.8	22	3.7	3.5	22	0.2	–25.0	very low
Kansas Gas & Elec	●/●	22	12.4	9.4	120.2	15.7	5	8.4	4.7	24	–14.5	37.7	average
American Electric	●/●	23	12.1	14.1	133.7	11.6	21	3.8	0.4	17	3.7	15.9	average
Midwest Energy	37/84	24	12.0	12.2	133.3	5.8	4	9.4	–0.9	15	4.2	–10.4	low
No Indiana Pub Svc	54/●	25	6.1	4.7	113.5	4.9	26	1.5	–16.7		NM	D-P	NM
CMS Energy	57/75	26	2.8	6.9	172.5	4.7	20	3.8	–9.8		NM	D-P	NM
Medians			**15.5**	**14.9**	**104.8**	**13.0**		**5.5**	**–0.9**		**5.0**	**5.8**	
Southeast													
Southern Company	●/●	1	16.1%	14.8%	125.5%	12.8%	2	10.4%	2.3%	1	11.9%	–1.3%	very high
Florida Progress	82/NA	2	14.9	16.3	81.6	10.1	5	8.5	0.9	2	10.5	1.1	high
Scana	73/●	3	14.3	16.0	98.0	11.9	6	8.3	2.4	8	5.7	14.0	average
TECO Energy	●/●	4	14.3	15.3	82.6	12.1	3	8.7	7.2	7	5.8	16.9	average
Duke Power	●/●	5	14.1	14.5	71.5	13.7	1	11.4	11.4	9	5.3	9.8	high
Carolina Power & Lt	●/●	6	14.1	13.6	96.2	17.1	4	8.6	1.9	6	6.0	–1.3	very high
FPL Group	75/NA	7	13.8	13.2	112.3	9.1	7	8.1	4.3	4	7.1	6.3	very high
Louisville G&E	71/●	8	13.0	13.0	82.7	11.9	9	6.1	–3.6	5	6.7	6.0	average
Kentucky Utilities	●/●	9	12.9	13.1	72.5	12.4	10	4.5	1.9	10	4.2	9.0	average
Dominion Resources	●/NA	10	12.3	15.4	124.6	13.3	8	6.4	11.6	3	8.3	14.1	very high
Medians			**14.1**	**14.6**	**89.5**	**12.3**		**8.4**	**2.3**		**6.4**	**7.6**	
South central													
Southwestern Pub Svc	●/●	1	20.5%	14.7%	86.2%	12.5%	1	9.6%	–4.5%	3	8.3%	–20.7%	very high
Central & South West	●/●	2	16.3	15.8	92.8	15.4	6	4.5	–7.8	2	8.4	5.6	very high
Texas Utilities	●/●	3	15.8	14.9	100.3	16.8	2	8.0	2.5	4	4.7	7.6	very high
Oklahoma G&E	●/●	4	14.4	12.5	89.3	10.6	4	5.8	–0.4	5	3.1	–4.1	low
Houston Industries	84/NA	5	13.9	14.3	96.3	12.5	7	2.6	–2.2	1	11.7	2.4	average
Gulf States Utils	●/NA	6	13.3	8.5	113.0	15.1	3	6.1	–6.6	7	–3.2	–27.0	low
Middle South Utils	●/NA	7	12.9	10.1	131.6	12.7	5	4.5	0.0	6	–2.3	15.0	very low
Medians			**14.4**	**14.3**	**96.3**	**12.7**		**5.8**	**–2.2**		**4.7**	**2.4**	
Western													
San Diego G&E	82/●	1	17.3%	13.7%	88.2%	10.1%	6	7.0%	6.1%	3	6.4%	-16.7%	high
So Calif Edison	●/●	2	16.4	13.4	80.0	12.9	8	5.9	2.6	4	6.4	–10.5	high
PacifiCorp	50/62	3	15.8	14.9	101.9	12.5	3	10.5	7.7	5	3.5	12.8	low
Pacific G&E	67/83	4	15.1	7.9	91.2	9.4	9	5.8	–8.5	2	7.5	–43.4	average
Portland General	●/●	5	15.0	9.8	112.9	11.1	5	7.5	–5.3	8	–3.5	–39.3	very low
Pinnacle West	●/●	6	14.4	12.3	114.6	20.1	10	5.8	4.0	6	0.2	–4.8	very low
Public Service NM	62/85	7	13.2	10.0	73.4	17.2	1	16.9	2.4	9	–3.7	–19.4	average
Montana Power	53/63	8	13.2	7.2	72.5	8.8	7	6.1	1.2	10	–4.9	–55.5	very low
Public Service Colo	63/82	9	12.5	17.8	86.4	9.4	11	4.3	–1.5	7	0.0	80.1	very low
Puget Sound P&L	●/●	10	11.6	10.4	113.8	13.2	2	13.1	–4.1	12	–8.3	–17.6	average
Utah Power & Light	●/●	11	11.3	9.0	121.8	10.4	4	8.8	–1.7	11	–6.6	–24.8	low
Hawaiian Electric	●/86	12	10.7	12.0	99.8	7.8	12	–2.9	1.8	1	10.8	2.3	average
Medians			**13.8**	**11.2**	**95.5**	**10.7**		**6.5**	**1.5**		**0.1**	**–17.1**	
Industry medians			**14.4**	**13.6**	**96.4**	**12.3**		**5.8**	**0.4**		**5.3**	**1.9**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

FINANCIAL SERVICES

The bull market was great while it lasted, but what if the party's over?



By Matthew Schifrin

For much of the 1980s the brokerage and investment banking business was the place to be. Black Monday changed all that. Pretax profits for brokerage firms this year should total no more than $3.7 billion, down 33% from last year. In 1988 the situation could get even worse, as hard-pressed companies decide, in the words of one PaineWebber official, "what businesses they really want to be in." The capital market supermarket craze is out, and companies are once again returning to their core businesses.

Among those already rethinking their futures are Salomon Brothers, First Boston, PaineWebber, Kidder, Peabody, Morgan Stanley and Goldman, Sachs. Salomon is out of municipal bonds and commercial paper and is sticking to its stronghold in fixed-income trading. PaineWebber sold its commercial paper division to Citicorp and some $300 million worth of its own equity to a Japanese insurer, Yasuda. So far eight major firms, including Goldman, Sachs and Shearson Lehman, are planning about 12,000 layoffs. About half of the bloodshed will be at E.F. Hutton, which was bought by Shearson for some $1 billion.

Firms, in short, are now paying for their heavy (not to say wild) spending in pursuit of growth. Now, with margins thin in businesses like the trading of mortgage-backed securities and commercial paper, mistakes can be disastrous. Hundreds of millions of dollars in trading losses were reported by firms such as Salomon, First Boston and Merrill Lynch.

Trouble for the brokerage and investment banking business is, of course, good news for commercial bankers, who have

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Financial companies													
Student Loan	●/●	1	38.9%	35.7%	500.0+%	11.1%	6	16.3%	10.3%	3	39.6%	31.8%	very high
American Continental	38/29	2	37.7	21.4	500.0+	3.0	4	27.6	–10.1	1	71.4	–2.5	high
Southmark	73/77	3	23.8	11.8	148.7	10.5	1	63.7	42.9	2	44.5	0.0	high
H&R Block	56/79	4	23.0	22.6	1.6	10.5	5	17.8	14.0	6	10.0	20.1	very high
Equifax	●/●	5	22.5	24.4	17.2	4.0	9	9.4	4.5	7	9.8	6.0	average
American Express	●/●	6	18.7	18.3	171.3	4.2	3	35.4	10.1	5	12.2	–16.2	average
Household Intl	53/58	7	13.5	22.0	456.4	8.2	13	–18.9	–16.0	4	16.6	47.6	high
Integrated Resources	33/54	8	11.6	10.8	157.5	5.0	2	40.5	36.3		NM	500.0+	NM
Gulf & Western	45/52	9	7.5	15.4	65.3	6.9	12	–14.5	22.8		NM	38.2	NM
Cigna	38/44	10	4.6	16.0	7.4	4.7	8	10.1	0.6		NM	D-P	NM
Commercial Credit	●/●	11	3.8	2.0	194.9	2.3	10	4.4	–0.4		NM	5.9	NM
Fedl Natl Mortgage	●/●	12	1.5	13.8	500.0+	2.4	7	12.2	–6.5		NM	43.3	NM
Beneficial Corp	86/NA	13	0.6	def	356.5	def	11	-9.4	–44.6		NM	D-D	NM
Medians			**13.5**	**16.0**	**171.3**	**4.7**		**12.2**	**4.5**		**9.8**	**20.1**	
Brokerage houses													
First Boston	●/●	1	25.6%	15.3%	38.6%	4.9%	5	28.4%	11.2%	2	13.6%	2.2%	average
Shearson Lehman Bros	●/●	2	23.6†	NA	169.0	5.6	2	36.1‡	21.5	1	22.3‡	NA	average
AG Edwards	●/●	3	21.8	19.7	0.0	9.5	7	17.4	15.0	3	10.0	–3.1	average
Salomon	●/78	4	19.7	8.6	146.9	4.6	1	46.3	–4.7	4	8.6	–48.4	low
PaineWebber Group	●/●	5	19.3	12.5	71.4	3.4	6	18.1	4.9	5	3.9	6.0	very low
Merrill Lynch	85/89	6	14.9	20.3	159.6	5.4	9	16.5	21.8	6	0.6	68.1	very low
EF Hutton Group	●/●	7	9.6	def	62.6	def	8	17.1	–1.8		NM	P-D	NM
Bear Stearns Cos	●/●		NA	18.6	39.7	8.0	4	28.4	15.9		NA	–27.9	NA
Morgan Stanley	●/●		NA	32.0	39.9	8.4	3	32.8	28.4		NA	30.0	NA
Medians			**19.7**	**17.0**	**62.6**	**5.4**		**28.4**	**15.0**		**8.6**	**–0.5**	
Commodity traders													
Universal Leaf	32/9	1	18.8%	19.4%	27.7%	2.7%	2	–0.3%	68.6%	2	9.5%	31.1%	very high
Kay	●/●	2	14.5	39.3	30.3	1.8	1	4.8	–24.1	1	49.1‡	–31.4	high
Commercial Metals	54/26	3	8.5	6.9	23.4	1.2	3	–5.3	–1.4	3	3.6	–28.8	low
Medians			**14.5**	**19.4**	**27.7**	**1.8**		**–0.3**	**–1.4**		**9.5**	**–28.8**	
Industry medians			**18.7**	**17.2**	**71.4**	**4.7**		**17.1**	**10.1**		**9.5**	**5.9**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

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been pressing strongly for permission to enter those fields. The 1934 Glass-Steagall Act prevents banks from engaging in securities underwriting, but in 1987 support began to build in Washington for repeal, or at least substantial easing, of the limitations. Senate Banking Chairman William Proxmire supports such a move, as does Ronald Reagan's new Federal Reserve chairman, Alan Greenspan. Some changes seem likely before the end of 1988.

How did the companies themselves do in this volatile year? Student Loan Marketing Association hung on to its top spot in profitability for the fifth consecutive year. The government-subsidized corporation, which buys insured student loans from lenders, benefited from rising tuition costs that pushed more Americans than ever into the market as borrowers. During 1987 Sallie Mae moved beyond its charter as a packager of loans to fund home equity loans. It also initiates credit directly to borrowers through personal loans. That means higher operating costs ahead, as well as potentially narrower margins, if riskier credits push up default rates.

Right behind Student Loan came American Continental and Southmark Corp., two multibillion-dollar Sunbelt firms that specialize in real estate deals and sell insurance. Each also owns a thrift, one formerly troubled and one undergoing an examination of its risky investments. Thanks to close ties to Drexel Burnham Lambert, as financier and steady supplier of junk bond investments, these firms have the best five-year average earnings growth among financial companies. With the future of junk bond financing now clouded by the upheavals on Wall Street, next year could be a different story for these firms. ■

Whirlwind Weill

Ira Block

Commercial's Weill

Ever since they emerged as sources of credit for customers that traditional banks didn't want to touch, finance companies have been the very soul of stodginess. The basic business: Borrow cheap to lend at huge spreads in hopes of offsetting the inevitably high default rates.

Into this stuck-in-a-rut business has now come Sanford (Sandy) Weill, late of Shearson American Express, bringing with him a whirlwind of innovative thinking that has roused the industry as never before.

Over the last 20 years most finance companies have been acquired by banks, insurers or other financial outfits. But Weill's Baltimore-based Commercial Credit Co., which operates 410 mostly small-town offices in 28 states, is bucking the trend.

Late in 1986 the company went public after being spun off from Control Data Corp., and in the year that followed it has begun to make itself into a mini financial conglomerate much like Weill's old employer, American Express.

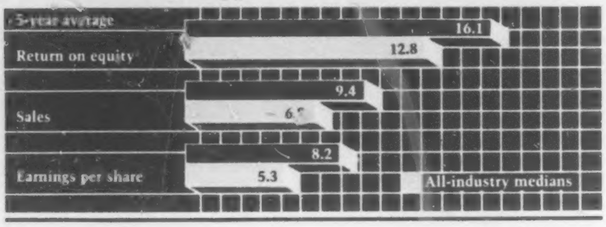
Thanks to Weill, Commercial Credit has shed all of its old and unprofitable commercial finance businesses and is concentrating on more lucrative consumer financial services. Besides personal loans, Weill's 1,500 salespeople now offer an array of products including insurance, second mortgages and certificates of deposit.

Weill hopes to attract the largely neglected 35 million households with annual incomes of $20,000 to $40,000—middle America. To spur his sales force, Weill has introduced Wall Street-type bonuses for top producers.

Weill has also strengthened Commercial Credit's capitalization by setting up a 46% reserve against its $276 million in less-developed-country loans inherited from the old Commercial Credit. In 1988 expect Weill to buy a brokerage house or some other consumer financial company. Commercial Credit has already looked at E.F. Hutton. Says Weill as he looks up from his Quotron: "We can afford to spend a billion dollars or even more if the right deal comes along."

FOOD DISTRIBUTORS

They're unloved in booms, but watch what happens in a recession.



By Ralph King Jr.

MERCHANDISE RETAILING STOCKS are in the dumps these days, but food retailers? Food Lion Inc. is up 75% on the year, Bruno's is up 31%, Giant Food up 15%, Albertson's up 11%. Over the past few years of low inflation, grocers have been forced to cut costs and raise productivity. Result: Industry operating margins have risen a phenomenal 67% since 1980, to 1.17% of revenues.

Where are the savings coming from? Labor costs have fallen from 13% to 11% of sales since 1980, in part because unions have accepted profit-sharing at individual stores in lieu of pay raises. Technological advances such as computerized checkout scanners, which help companies monitor and control inventories, help, too. Leaders include Hannaford Brothers, Kroger Co. and Bruno's.

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Wholesale and supply													
Super Rite Foods	60/●	1	23.3%	11.9%	78.2%	0.7%	2	27.8%	5.2%	7	8.2%	68.1%	low
Cardinal Distribution	56/17	2	23.3	11.3	115.4	0.8	4	23.9	31.4	5	17.7	−15.2	very high
Super Valu Stores	77/77	3	22.3	16.8	84.0	1.1	9	14.5	7.9	8	8.0	18.6	average
Marriott	42/34	4	22.1	21.1	164.7	3.5	5	20.5	30.0	4	18.3	16.8	very high
Sysco	●/●	5	18.7	14.3	20.5	1.6	7	17.3	15.3	6	13.0	−0.7	very high
Wetterau	●/79	6	16.1	17.3	92.7	0.9	8	14.7	2.4	2	47.4	5.7	high
Fleming Cos	●/●	7	16.1	8.8	45.8	0.5	6	19.2	4.3	10	3.8	−23.2	very low
Super Food Services	NA/NA	8	15.8	16.3	67.7	0.8	14	6.7	7.9	3	35.4	13.5	very high
Morrison	37/22	9	14.6	14.1	12.3	3.5	12	10.1	16.9	13	−1.1	93.8	very low
Intl Multifoods	45/38	10	14.4	17.9	14.7	3.8	15	5.0	4.3	12	0.0	112.5	very low
Nash Finch	63/73	11	12.9	13.5	49.5	0.8	13	7.4	35.3	9	4.1	15.0	high
Rykoff-Sexton	●/●	12	12.4	10.4	142.7	0.9	1	30.3	0.6	11	3.1	36.6	very low
TW Services	70/43	13	11.9†	6.0	224.7	1.1	10	12.8	14.3	1	93.3‡‡	−46.9	very low
Culbro	NA/NA	14	10.4	26.0	24.2	4.0	3	24.0	−16.4	14	−1.7	11.3	very low
Farm House Foods	●/76	15	5.7	def	160.6	def	17	−15.7	4.7	15	−28.7	P-D	low
Di Giorgio	79/64	16	5.2	def	74.0	def	16	4.6	6.0		NM	P-D	NM
Staley Continental	64/33	17	4.8	6.4	44.5	1.6	11	11.6	12.9	16	−34.9	68.2	average
Medians			14.6	13.5	74.0	0.9		14.5	7.9		4.1	13.5	

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Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Major supermarkets													
American Stores	79/NA	1	25.9%	13.7%	89.4%	1.1%	1	17.6%	1.3%	2	16.8%	0.3%	average
Lucky Stores	●/●	2	20.9	91.8	107.9	4.2	7	0.1	–1.6	4	12.6	450.8	average
Albertson's	●/●	3	20.5	18.5	28.9	2.0	4	9.0	8.5	3	12.9	15.4	very high
Winn-Dixie Stores	●/●	4	19.3	15.8	13.7	1.3	6	5.5	5.6	5	4.3	2.2	high
Stop & Shop Cos	52/49	5	17.1	8.5	81.6	0.9	2	13.4	7.2	6	–2.0	–14.3	very low
Kroger	●/●	6	12.8	14.9	70.9	0.9	3	9.7	3.7	7	–18.9	81.1	average
Great A&P Tea	●/●	7	10.0	11.9	49.8	1.0	5	7.0	32.9	1	33.5‡	51.0	very high
Medians			**19.3**	**14.9**	**70.9**	**1.1**		**9.0**	**5.6**		**12.6**	**15.4**	
Regional supermarkets													
Mayfair Super Markets	●/●	1	44.6%	47.7%	120.8%	2.0%	18	6.7%	13.1%	1	49.6%	43.7%	high
Bruno's	●/●	2	30.3	17.9	6.2	2.8	4	16.3	13.0	6	23.1	10.3	very high
Big Bear	78/72	3	29.8	17.2	33.4	1.6	14	7.7	1.1	11	16.4	2.0	high
Food Lion	●/●	4	28.8	28.9	41.8	2.8	1	28.1	27.5	5	26.7	33.3	very high
Giant Food	●/●	5	23.4	16.7	74.0	1.9	10	8.0	13.2	10	19.8	–15.2	high
Super Rite Foods	40/9	6	23.3	11.9	78.2	0.7	3	27.8	5.2	14	8.2	68.1	low
Fred Meyer	34/NA	7	22.7†	14.1	55.2	1.6	7	11.8‡	6.2	2	32.7‡	3.4	high
Farm Fresh	●/NA	8	20.7	5.8	109.1	0.8	2	28.0	19.6	15	7.5	–36.7	low
Hannaford Bros	●/●	9	19.4	19.3	48.7	2.3	8	11.7	18.8	12	13.7	24.9	very high
Weis Markets	●/●	10	19.4	20.1	0.0	6.5	13	7.8	3.3	13	11.6	30.3	very high
Delchamps	●/●	11	17.9	9.5	54.8	0.8	9	10.9	14.0	20	2.8	–8.4	low
Cullum Cos	●/●	12	17.5	14.9	62.2	1.8	21	2.0	3.3	16	6.2	5.9	average
Ingles Markets	●/●	13	15.4††	15.6	122.6	1.4	6	11.9‡	12.0	9	20.4‡	–3.1	very high
Ruddick	83/35	14	13.8	12.1	49.4	1.5	5	13.7	9.9	17	5.3	7.1	average
Godfrey	●/●	15	13.3	23.5	37.6	1.4	12	8.0	7.8	3	28.7	38.4	high
Nash Finch	37/27	16	12.9	13.5	49.5	0.8	16	7.4	35.3	19	4.1	15.0	high
Arden Group	81/34	17	12.8	19.0	160.4	1.7	24	–5.2	–10.3	4	27.5	39.9	high
Marsh Supermarkets	77/NA	18	10.8	14.8	107.0	0.9	15	7.6	3.1	18	4.1	12.2	very low
Pueblo International	●/●	19	9.0	11.9	181.5	0.9	11	8.0	20.5	8	20.5	19.2	high
Seaway Food Town	●/●	20	8.5	9.9	157.8	0.6	23	–0.7	8.1	21	–13.2	96.9	average
Foodarama Supermkts	●/●	21	5.4	7.9	60.3	0.4	20	2.0	2.2	7	21.4	–28.7	low
Borman's	●/●	22	5.2	16.4	267.1	0.5	22	1.3	15.1		NM	–0.4	NM
Craig	●/●	23	5.0	18.9	375.2	0.4	26	–38.1	500.0+		NM	318.6	NM
Fisher Foods	●/●	24	def	def	131.6	def	25	–12.9	–10.2		NM	D-D	NM
Boys Markets	●/●		NA	73.6	274.3	2.1	17	6.9‡	NA		NA	NA	NA
Vons Cos	●/●		NA	NE	358.7	0.4	19	5.5‡	NA		NA	NA	NA
Medians			**16.5**	**15.3**	**76.1**	**1.4**		**7.7**	**11.0**		**12.6**	**11.2**	
Convenience stores													
Natl Convenience	●/●	1	19.1%	def	373.1%	def	2	13.5%	–4.6%	3	–16.8%	P-D	very low
Southland	●/87	2	16.0	8.6%	45.6	1.8%	3	11.8	–14.0	2	9.5	–36.4%	high
Circle K	●/●	3	15.6	15.1	149.3	2.0	1	28.5	8.9	1	24.8‡‡	–2.3	very high
Munford	71/●	4	12.5	def	79.7	def	4	6.5	–5.2	4	–18.6	P-D	average
Medians			**15.8**	**2.2**	**114.5**	**0.7**		**12.7**	**–4.9**		**–3.7**	**NM**	
Restaurant chains													
Shoney's	●/●	1	23.1%	17.9%	9.9%	6.6%	2	18.4%	17.7%	2	18.3%	7.6%	very high
McDonald's	●/●	2	22.4	22.0	88.5	11.5	6	10.9	13.6	4	14.1	14.3	very high
PepsiCo	29/23	3	19.5	27.1	96.1	5.1	11	4.6	24.8	3	14.8	29.7	average
Collins Foods Intl	●/●	4	17.3	15.3	75.9	4.2	3	15.6	–7.8	7	5.1	69.4	very low
Pillsbury	45/47	5	17.2	16.0	67.3	3.1	5	11.9	3.9	5	10.8	–2.5	very high
Wendy's Intl	●/●	6	16.8	0.4	49.7	0.2	1	19.2	–9.2		NM	–84.6	NM
Morrison	63/78	7	14.6	14.1	12.3	3.5	7	10.1	16.9	9	–1.1	93.8	very low
Jerrico	●/●	8	14.3	11.9	44.7	4.0	8	7.8	5.4	8	3.3	–8.5	average
Church's Fried	●/●	9	13.7	3.5	3.2	2.2	10	4.7	–16.0	13	–15.9	–7.4	high
TW Services	29/56	10	11.9†	6.0	224.7	1.1	4	12.8	14.3	1	93.3‡‡	–46.9	very low
Foodmaker	●/●		NA	22.1	225.0	2.3	12	3.5‡	7.5		NA	42.9	NA
General Mills	24/19		NA	34.1	45.6	4.5	9	5.0	14.0	6	7.2	25.2	NA
Medians			**17.0**	**15.6**	**58.5**	**3.8**		**10.5**	**10.5**		**7.2**	**11.0**	
Industry medians			**16.1**	**14.9**	**74.0**	**1.5**		**9.4**	**7.7**		**8.2**	**8.9**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

FOOD DISTRIBUTORS

Getting hyper

Angelo Bruno of Bruno's

Billy Brown

The concept was intriguing: Everything for the price-conscious consumer, from fresh parsley to pajamas, on a selling floor the size of eight football fields all under one roof. Angelo Bruno had admired these one-stop shopping meccas—known as hypermarkets—in Europe. And in his quest for store formats that would attract new sales to a slow-growth business, he wondered why one had never been built in America.

The chairman of Bruno's, a highly profitable low-price supermarket chain based in Birmingham, Ala., is wondering no more. In September he signed a joint venture agreement with the nation's largest discount merchandiser, K mart, to build hypermarkets across the country. The first 220,000-square-foot store, complete with up to 50 checkout stands, will open in the Southeast this fall.

The innovation here is not one of timing; a few hypermarkets have recently opened their doors in the U.S. Rather, the creative stroke is the convergence of two talents, one from the food end and the other nonfood, both determined to push one-stop shopping to its logical extreme. "It's the first real working partnership that could go forward and multiply," says industry consultant Willard Bishop.

Most grocers have their hands full clearing 1% of sales, and few would even think of blowing it on costly experiments. So when K mart initiated discussions with the grocer in the spring, Bruno, 62, worried at first that the $1 billion (sales) family-run business might be getting in over its head with the $24 billion K mart. "But we hit it off chemically, and we both seemed flexible. We're not going to move ahead until we get the first one right," Bruno says.

Any positive effect on Bruno's earnings won't come before the mid-1990s, but that won't cramp plans to add conventional units to the 106-store chain. Long-term debt is a slight 6% of equity, and returns have consistently outpaced the industry.

Food wholesalers are another matter. Fleming's stock price is down 28% since the start of 1987, Super Valu Stores' stock is down 23%, and Wetterau's is up 1%. Why the trouble? Rapid consolidation in the industry since 1979 has brought on indigestion for these firms and others. Companies are having problems bringing costs into line at wholesale outlets they have acquired, mostly for steep multiples.

Things probably won't improve much for these wholesalers this year. Their managements appear to have no long-range strategy that could pull them out of the slump. Furthermore, their customers, smaller retailers, are finding it more difficult to compete on price with the national chains, which gain clout with food manufacturers as they expand. The top ten chains now handle 45% of the nation's grocery sales.

With slow sales growth endemic in this industry, the best grocers are continually experimenting with store format. Kroger is testing three superwarehouse stores that include large drug and nonfood sections. Hypermarkets, monster-size affairs (upward of 200,000 square feet) already widespread in Europe, are just arriving on the U.S. scene.

Also, store offerings are more sensitive than ever to consumer tastes in specific locales. Washington, D.C.-based Giant Food stocks its Giant Gourmet store shelves with $200 bottles of wine and rattlesnake meat (the latter apparently being a delicacy in the nation's capital). Vons Cos. caters to a large Hispanic population in Los Angeles with its Tianguis store, offering such products as lambs' heads and fresh tortillas.

More consumers are short on cooking time, but fast-food restaurants continue to suffer from market saturation and from new competition. With salad bars turning up in supermarkets and convenience stores, McDonald's has begun offering prepackaged salads, which has helped lift the fast-food leader's same-store sales by 7%. No such luck for Burger King and Wendy's International, whose derivative products like Burger Bundles and Big Classic haven't added any new sales. ■

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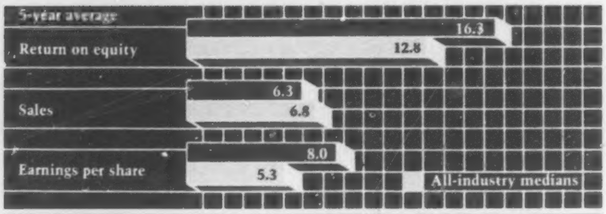
FOOD PROCESSORS

The year of the microwave.



By Janet Novack

FOR MUCH OF 1987 COMPANIES IN THIS GROUP were haunted by fears that inflation and rising commodity prices would squeeze profits. Fears grew worse last spring when long-depressed corn and wheat prices spiked.

But the market crash has dampened inflationary expectations and sent investors heading back to food for safety. While corn wheat and soybeans posted double-digit price gains in the 12 months ended Nov. 30, hog, chicken and milk prices were down. Analysts now expect that, overall, food inflation will be moderate in 1988 and that branded food packagers will post average earnings gains of 20%.

Lower tax rates account for some of the improvement. In addition, new equipment is making companies more productive. At Kellogg, the top performer on our list, production per man-hour is up 33% since 1981. Leading brands are also continuing to build and buy market share. Since 1986 Borden

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Food commodities													
Ralston Purina	26/13	1	25.3%	55.5%	164.0%	9.0%	7	2.6%	6.4%	1	35.8%	35.4%	high
Savannah Foods	●/●	2	23.3	11.3	52.0	1.6	4	7.6	25.6	7	–12.4	–5.9	average
Pioneer Hi-Bred Intl	87/●	3	20.0	10.6	6.1	6.4	1	14.0	–5.1	3	6.7	–26.8	low
Holly Farms	21/12	4	15.1	18.5	55.2	3.8	6	2.7	17.6	2	17.3	13.7	high
Intl Multifoods	46/45	5	14.4	17.9	14.7	3.8	5	5.0	4.3	5	0.0	112.5	very low
CPC International	39/21	6	14.2	36.1	49.4	7.0	8	1.2	14.1	6	–3.1	106.2	very low
Archer-Daniels	●/●	7	10.9	12.7	26.6	4.7	3	8.2	10.5	4	0.8	10.5	very low
Staley Continental	36/67	8	4.8	6.4	44.5	1.6	2	11.6	12.9	8	–34.9	68.2	average
DeKalb	73/55	9	1.8	5.3	47.0	4.6	10	–6.2	–13.2		NM	D-P	NM
Amfac	27/77	10	def	def	67.3	def	9	–0.4	–8.0		NM	D-D	NM
Zapata	36/PD	11	def	def	97.7	def	11	–14.9	–37.0		NM	D-D	NM
Medians			**14.2**	**11.3**	**49.4**	**3.8**		**2.7**	**6.4**		**–3.1**	**13.7**	
Meatpacking													
Tyson Foods	●/●	1	28.0%	33.2%	84.4%	3.8%	2	25.1%	18.8%	1	75.5%	34.7%	very high
Holly Farms	60/74	2	15.1	18.5	55.2	3.8	6	2.7	17.6	3	17.3	13.7	high
Smithfield Foods	●/●	3	14.2	20.2	74.9	0.7	1	28.7	13.2	2	41.0	–18.5	average
George A Hormel	●/●	4	12.2	12.3	27.7	2.0	4	5.1	15.5	4	8.3	13.0	high
United Brands	57/24	5	3.9	13.5	31.2	1.7	7	–3.8	0.9	5	3.0‡‡	11.2	very low
Thorn Apple Valley	●/●	6	2.1	def	141.2	def	5	4.8	–2.9		NM	D-D	NM
Wilson Foods	●/●	7	def	7.8	64.1	0.3	8	–9.8	–7.3		NM	D-P	NM
IBP	●/●		NA	NA	106.9	0.6	3	6.8‡	NA		NA	NA	NA
Medians			**12.2**	**13.5**	**69.5**	**1.2**		**5.0**	**13.2**		**8.3**	**13.0**	
Branded foods													
Kellogg	●/●	1	37.2%	42.6%	28.3%	10.6%	13	7.6%	11.9%	9	14.0%	26.5%	very high
Philip Morris Cos	38/17	2	26.6	30.7	93.2	7.7	2	17.0	10.4	3	17.7	25.6	very high
Ralston Purina	67/79	3	25.3	55.5	164.0	9.0	22	2.6	6.4	1	35.8	35.4	high
Dean Foods	●/●	4	24.0	18.4	19.9	2.8	6	11.6	7.4	5	15.7	–1.9	very high
HJ Heinz	●/●	5	22.1	24.6	40.4	7.3	19	3.9	9.1	11	12.6	15.7	very high
ConAgra	64/70	6	21.4	21.1	59.3	1.6	1	37.5	49.9	6	15.3	11.5	high
RJR Nabisco	37/63	7	21.3	22.5	63.6	7.8	3	13.5	–1.8	16	8.2	25.9	high
Flowers Industries	●/●	8	20.1	16.3	57.6	3.5	4	12.0	10.1	10	13.2	–7.0	very high
Sara Lee	50/45	9	19.7	19.6	39.9	2.9	11	8.0	16.6	12	11.3	16.4	very high
PepsiCo	32/38	10	19.5	27.1	96.1	5.1	17	4.6	24.8	7	14.8	29.7	average
Hershey Foods	75/83	11	18.5	19.8	34.0	6.1	8	8.5	13.7	17	8.0	15.1	very high
Curtice-Burns Foods	●/●	12	18.1	14.1	261.1	1.5	9	8.4	10.1	18	7.5	21.1	average
Kraft	89/●	13	17.9	25.1	27.7	4.4	26	0.6	23.1	2	21.5‡	23.8	very high
Quaker Oats	86/86	14	17.8	19.8	48.5	5.3	10	8.2	24.9	4	16.1	18.9	average
Wm Wrigley Jr	●/●	15	17.6	23.1	0.0	8.8	21	2.6	11.5	8	14.5	30.6	very high

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

Mister microwave

Until recently Austin, Minn.-based Geo. A. Hormel & Co. was best known for its labor strife and its Spam, the butt of food jokes for decades. Now $2.3-billion-a-year (revenues) Hormel is emerging as the industry's leading new product innovator. The man due the credit: the chairman and chief executive officer, Richard Knowlton.

In a year when microwave products proliferated, Hormel's stood out. The company introduced Top Shelf, a line of vacuum-packed microwave entrées that stay fresh without refrigeration for 18 months—the food-processing equivalent of putting a man on the moon. The 14-product line is in six markets and will be rolled out nationally during 1988, supported by a $20 million advertising and promotion campaign, Hormel's largest ever. Knowlton reckons the $1.69 to $3.59 entrées, including roast beef, chicken and lasagna, will have $200 million in annual sales by 1991. He may be understating it.

How did Hormel get to the market first with a shelf-stable entrée? Answers Knowlton: "We started four years ago. I swallowed hard for a company this size and spent $1.1 million for two pieces of equipment to do the research. We were betting. Strategically, we wanted to tap the microwave market, and we knew we had to be bold."

In all, Hormel launched 134 new products in the 18 months ended in October. Some are already clear winners and others are still in test markets. But none of the new crop so far has flopped and been withdrawn—an amazing feat in an industry where the costs of establishing a new product are high and the failure rates daunting. Yet Knowlton expects the next 18 months to be just as productive.

On the factory floor, Hormel has also taken the lead in automation. Says Knowlton: "We must move out of areas of our business that are labor-intensive. We must be the technological leader in the industry."

James Schnepf/Wheeler Pictures

Top Shelf
Top Shelf
Top Shelf

Richard Knowlton of Geo. A. Hormel

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Pillsbury	55/53	16	17.2%	16.0%	67.3%	3.1%	5	11.9%	3.9%	14	10.8%	2.5%	very high
McCormick & Co	●/●	17	16.8	12.4	43.3	3.2	12	7.7	10.4	21	1.7	17.2	very low
Campbell Soup	●/●	18	15.8	16.1	21.9	5.5	7	9.7	2.6	13	11.2	10.4	very high
Universal Foods	55/NA	19	15.1	14.3	49.9	3.5	18	4.2	18.1	22	–0.6	47.9	very low
Borden	67/65	20	14.4	17.7	68.0	4.2	20	3.2	24.0	15	10.1	23.7	very high
Gerber Products	54/70	21	14.2	-7.3	53.3	2.4	14	7.0	2.0	23	–3.0	–39.6	very low
CPC International	59/78	22	14.2	36.1	49.4	7.0	25	1.2	14.1	24	–3.1	106.2	very low
American Maize	79/●	23	4.6	10.2	80.5	2.6	15	5.9	7.2		NM	500.0+	NM
IC Industries	23/●	24	4.5	12.2	82.7	4.5	24	1.6	–5.2		NM	D-P	NM
United Brands	39/81	25	3.9	13.5	31.2	1.7	27	–3.8	0.9	20	3.0‡‡	11.2	very low
Interstate Bakeries	●/●	26	def	12.1	62.0	1.6	23	2.3	6.3		NM	–26.2	NM
Castle & Cooke	●/87		NA	4.2	NA	2.2		NA	5.5		NA	–48.8	NA
General Mills	66/75		NA	34.1	45.6	4.5	16	5.0	14.0	19	7.2	25.2	NA
Medians			**17.8**	**19.0**	**49.9**	**4.3**		**7.0**	**10.2**		**10.8**	**20.0**	
Industry medians			**16.3**	**16.2**	**52.7**	**3.5**		**6.3**	**10.2**		**8.0**	**16.8**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

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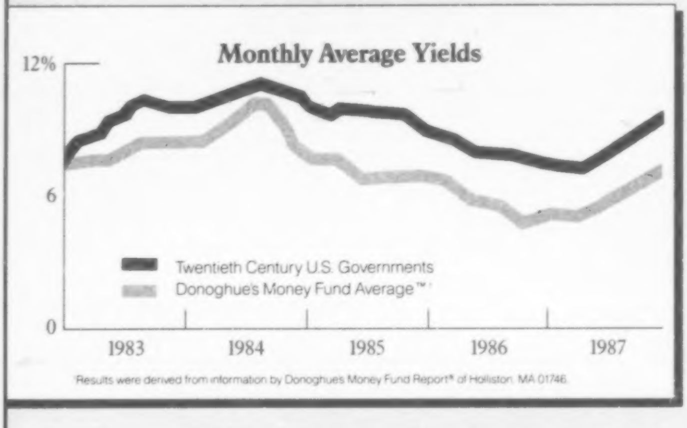

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Counting expected Christmas 1987 gifts, some 70% of American families now own microwaves. Only 42% of families have dishwashers.

has doubled its share of the pasta market to 31%.

Lately, however, cash-rich food processors have begun to throw money into potentially margin-crimping marketing battles. As the industry's unhappy granola bar experience a few years back showed, when everyone pursues the same hot idea, no one wins. "Now there's a new frozen [ice cream] bar every two minutes," remarks Thomas Kully, William Blair & Co. food analyst. "It's a $1.5 billion category, and no one makes much money on it."

Marketing wars explain why branded food packagers' margins (now 4.3%) have not widened more in recent years despite low farm prices and tax reform. But don't expect suicidal competition. Says Prudential-Bache food analyst John McMillin: "You're dealing with a consolidated industry run by rational executives with oligopolistic positions that lead to good returns."

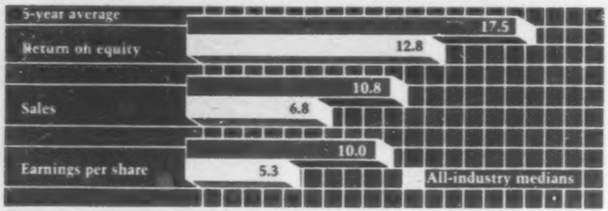
The most noteworthy new product activity in 1987 was in microwave foods. Counting expected Christmas 1987 gifts, some 70% of American families now own microwaves. Only 42% have dishwashers.

Until recently, food companies did little more to cater to the microwave devotees than print special instructions on wrappers and put standard frozen dinners in packages that could be used in the microwave. But the success of microwave popcorn changed that. "We said to ourselves, 'Gosh, we'd like to come up with the next microwave popcorn,'" says Phyllis Levy, the first executive director of Campbell Soup's new Microwave Institute.

Through the first 11 months of 1987, 58 new products or lines with the word microwave in their names hit the market, compared with 21 in all of 1986. In November Campbell began testing Souper Combo, a soup and sandwich combination specially designed for the microwave and priced at $1.99 to $2.49 each. More new products turn up on store shelves almost every week. ■

HEALTH

Diagnosis: marginitis. Rx: Cut costs. Unfortunately, the patient's still sick.



By Michael Fritz

No SECTOR OF THE ECONOMY has been hit harder by tightening federal cost controls than health care, and 1987 brought more of the margin pressure that these firms have learned to live with in recent years. Pharmaceutical companies fared well; manufacturers of medical equipment did better than operators of hospitals and outpatient clinics; operators of health maintenance organizations were the hardest hit of all.

Mothballing of uneconomical operations and the graying of America did push hospital occupancies up 1% in the first eight months of 1987, the first such gain since 1983. A sliding dollar helped firms with foreign sales. Overall, 1987 was a year of tentative gains that the companies on this list hope will continue into 1988. As a group, they registered a surprising 20% return on equity versus the 13.6% all-industry median—thanks mostly to drugmakers' strong performance.

During 1987 Hospital Corp. of America unloaded 104 rural and surburban hospitals through an employee stock ownership plan, paid down $900 million in debt, halved overhead and opened nine psychiatric hospitals. Similarly, National Medical Enterprises is dumping seven nonhospital subsidiaries for a loss of $77 million and investing some of the proceeds in psychiatric and rehabilitation facilities. A shakeout among health maintenance organizations seems inevitable—the number of plans continues to grow twice as fast as enrollment in the plans. Moreover, premiums increasingly fail to cover rising operating costs.

Medical supply companies had a better year, as sales rose more than 14% over 1986 levels. One reason: increasing demand for specialty and diagnostic products like AIDS- and drug-testing kits. Expanding diagnostics sales buoyed earnings for Abbott Laboratories and Becton Dickinson. Seeking to cash in on the growing home-care market, Baxter Travenol (soon to be Baxter International) paid $550 million to acquire Caremark, its largest competitor. Baxter also signed an agreement to become a principal systemwide provider of laboratory supplies to the Voluntary Hospitals of America.

Pharmaceutical companies were by far the best performers in the industry, and currency gains from a weak dollar helped

Merck's master of the maze

In an age of continued consolidation and cost-cutting, the ability to develop and market new high-margin products consistently is the key to success in this industry. On this score, Roy Vagelos' Merck & Co. stands out as the most innovative company in one of the country's toughest businesses.

Merck's profits have risen 67% since 1985, to an estimated $902 million in 1987, thanks to a Vagelos-inspired $530-million-plus annual R&D program, the richest in the industry, and a knack for guiding products through the regulatory approval process.

In contrast to rivals like American Home Products and Marion Labs, which have sales driven by products from outside licensing agreements, six of the eight new products Merck has launched in the past two years were discovered and developed in-house. That includes such blockbusters as Vasotec, for reducing high blood pressure, and Mevacor, for lowering cholesterol. While licensed products can be extremely profitable, home-grown products typically enjoy net margins 8% to 10% higher.

Roy Vagelos of Merck & Co.
Andrew Popper/Picture Group

Merck's ability to negotiate through Washington's bureaucracy is also significant. The patent extension act has helped drugmakers recoup lost patent life as compounds move through the FDA's lengthy approval process. Neverthless, delays can consume precious lead time for building market share, resulting in the loss of millions of dollars in sales. While new drug applications typically wait more than 30 months for approval, Merck's average is less than 19 months, the best record in the industry.

The result: By keeping FDA officials closely informed of development and test results and by arming itself with data from exhaustive clinical trials, Merck won approval for Mevacor in an impressive 9½ months. Contrast that with the nearly four years it took Bristol-Myers to win 1986 approval of its antianxiety drug, BuSpar.

HEALTH

lift earnings 20% over 1986 levels on a 12% increase in sales. New drugs, needed to offset competition from generics, contributed little. One exception: Merck's Mevacor, a drug to lower cholesterol levels, is likely to generate $300 million in sales in 1988. Another is Genentech's bioengineered Activase, a blood clot dissolver for heart attack victims. It's expected to have $200 million in sales this year. ■

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Drugs													
American Home Prod	60/NA	1	34.4%	35.0%	1.7%	16.6%	20	2.5%	2.5%	12	10.0%	10.9%	very high
Abbott Laboratories	54/72	2	27.8	34.0	14.6	14.3	11	9.7	14.0	4	18.1	19.5	very high
SmithKline Beckman	73/●	3	25.8	52.0	54.6	13.8	9	10.5	16.0	16	4.6	62.8	very high
Rorer Group	●/●	4	24.8	6.5	113.8	2.8	8	11.5	35.5	6	17.6	–82.0	average
Bristol-Myers	69/75	5	23.8	24.2	5.6	3.9	12	6.9	10.7	8	13.0	19.4	very high
Cardinal Distribution	64/83	6	23.3	11.3	115.4	0.8	5	23.9	31.4	5	17.7	–15.2	very high
Eli Lilly	NA/NA	7	23.0	22.5	12.6	15.7	15	5.2	12.2	11	10.4	10.8	very high
Marion Laboratories	●/●	8	22.1	41.1	0.0	17.3	3	26.7	47.3	1	46.5	129.5	very high
Merck	●/●	9	21.8	32.9	5.8	17.6	13	6.6	22.3	9	12.0	36.0	very high
Pfizer	60/NA	10	21.3	20.3	6.7	14.8	14	6.1	10.0	3	20.1	10.8	very high
Bindley Western Inds	●/●	11	20.3	11.5	119.9	0.5	6	12.4	41.9	7	16.9	–14.1	very high
Squibb	85/●	12	18.9	56.6	4.8	29.9	18	4.3	–4.9	2	25.2	201.6	high
Johnson & Johnson	25/●	13	17.3	27.1	8.1	9.9	16	4.8	11.8	20	–2.5	121.5	very low
Bergen Brunswig	NA/NA	14	17.2	8.9	109.5	0.5	1	28.8	10.1	14	8.5	–22.7	high
Upjohn	82/●	15	16.6	28.9	25.7	12.1	19	3.8	11.5	13	8.6	46.5	average
Sterling Drug	35/NA	16	15.6	19.7	21.7	8.5	21	1.2	15.4	17	3.1	57.7	low
Schering-Plough	65/72	17	14.4	24.5	12.1	11.4	17	4.7	15.3	15	4.8	46.4	high
Durr-Fillauer	57/51	18	13.5	11.0	63.6	1.2	4	26.6	8.4	10	10.5	–1.2	very high
McKesson	72/51	19	12.4	11.7	53.8	1.3	10	10.3	1.2	19	–0.2	–0.5	very low
Warner-Lambert	66/53	20	12.1	31.6	29.3	8.4	23	–1.3	10.9		NM	D-P	NM
American Cyanamid	38/52	21	10.6	18.6	31.0	6.5	22	1.1	8.9	18	1.4	100.6	very low
National Intergroup	44/14	22	def	def	62.1	def	24	–1.3	15.8		NM	D-D	NM
AH Robins	84/●	23	def††	176.4	32.0	10.4	7	12.3	8.7		NM	19.7	NM
Alco Health Services	74/NA		NA	14.1	74.2	1.0	2	27.6	34.8		NA	15.8	NA
Medians			**18.9**	**23.4**	**27.5**	**9.2**		**6.7**	**12.0**		**10.0**	**19.4**	
Medical supplies													
Abbott Laboratories	46/28	1	27.8%	34.0%	14.6%	14.3%	7	9.7%	14.0%	2	18.1%	19.5%	very high
SmithKline Beckman	27/8	2	25.8	52.0	54.6	13.8	5	10.5	16.0	8	4.6	62.8	very high
CR Bard	●/●	3	19.2	22.3	10.1	9.6	6	9.9	17.5	3	16.5	2.5	very high
Hillenbrand Inds	42/51	4	17.7	23.8	39.9	7.9	4	11.1	14.8	5	10.0	57.2	high
Johnson & Johnson	32/DP	5	17.3	27.1	8.1	9.9	9	4.8	11.8	10	–2.5	121.5	very low
Bausch & Lomb	81/84	6	16.6	16.6	32.0	10.1	8	5.2	22.1	1	35.9	12.5	very high
Baxter International	●/●	7	14.2	8.2	43.9	4.8	3	24.0	21.5	9	–1.1	–40.8	very low
Durr-Fillauer	34/44	8	13.5	11.0	63.6	1.2	2	26.6	8.4	4	10.5	–1.2	very high
Becton Dickinson	89/87	9	11.9	17.4	48.7	9.0	10	3.3	20.6	6	8.6	30.5	low
Corning Glass Works	25/29	10	9.5	11.4	28.7	8.1	11	3.0	9.0	7	8.0	–8.0	low
Henley Group	25/75		NA	def	20.6	def	1	30.7	8.8		NA	NA	NA
Medians			**16.9**	**17.4**	**32.0**	**9.0**		**9.9**	**14.8**		**9.3**	**16.0**	
Health care services													
US Healthcare	●/●	1	43.1%	21.7%	0.0%	7.6%	1	80.9%‡	19.6%	1	158.0%‡	56.6%	high
Charter Medical	●/●	2	33.6	23.3	217.8	6.4	7	23.4	22.0	3	28.0	14.2	very high
Humana	89/●	3	27.0	20.2	122.3	6.5	9	13.8	8.9	8	–3.1	232.1	very low
Manor Care	81/82	4	26.5	22.7	170.4	8.4	3	33.1	4.5	2	30.5	10.3	very high
Maxicare Health	●/●	5	24.5†	def	238.8	def	2	68.9	157.8	4	15.5‡	P-D	very low
National Medical	●/●	6	16.9	7.1	153.0	2.3	5	27.4	–5.5	6	7.1	–25.0	low
Hospital Corp	●/●	7	15.8	8.2	143.8	3.4	8	16.8	5.4	7	6.7	–24.0	low
American Medical	●/●	8	14.5	12.3	189.8	4.1	6	23.6	8.6		NM	D-P	NM
Beverly Enterprises	●/●	9	12.3	def	180.0	def	4	31.4	9.1	5	11.0	P-D	average
Medians			**24.5**	**12.3**	**170.4**	**4.1**		**27.4**	**8.9**		**11.0**	**10.3**	
Industry medians			**17.5**	**20.0**	**36.0**	**7.7**		**10.8**	**12.0**		**10.0**	**14.2**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

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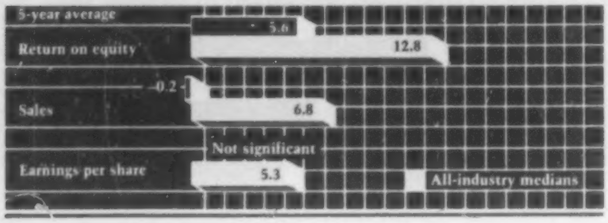
HEAVY EQUIPMENT

For some, the ships have come in. For others, it's rough sailing ahead.



By John Merwin

WHERE THE 44 COMPANIES ON THIS LIST stand this year largely depends on where they sit.

Take machine tool makers, such as Cincinnati Milacron. It sits smack in the middle of an invasion of foreign toolmakers, which have captured 52% of its traditional markets, especially less sophisticated lower-end tools.

By contrast, earth-moving equipment maker Caterpillar is sitting pretty. A sinking dollar on top of its own ferocious efforts to cut costs has helped the company stay competitive with Japanese manufacturers like Komatsu, Ltd., and that has helped third-quarter sales, both domestic and foreign, rise 23% over third-quarter 1986 levels. What's more, in spring Congress authorized $69 billion in highway funds. Add to that recent 15% increases in state and local road-building outlays, and Caterpillar's prospects are looking brighter.

In between these extremes sit companies like Cooper Industries and Deere. Cooper, which once earned nearly two-thirds of its operating profits from oil equipment, is capitalizing on a well-timed—and profitable—metamorphosis into an electrical products maker. By contrast, Deere stuck with its core business, cutting costs while it waited out the farm bust. With a little luck this year, Deere's patience may pay off. Department of Agriculture surveys show that in 1987 estimated farm net income—aided by sharply lower expenses and rising subsidies—rose for the third straight year. Long depressed land values have begun rising, and farm debt has been paid down sharply. For Deere, brighter days lie ahead.

Construction equipment makers in general had a better 1987 than expected, helped by the carryover from a last-minute shot of tax shelter money in 1986. Robust federal, state and local road-building programs make 1988 look potentially as good as 1987. "But remember, this is an election year," says Frank Manfredi, publisher of *Machinery Outlook.* "That complicates the issue for these companies. Personally, I think Congress and the President will spend quite a bit of money on public works, which will fuel demand for construction equipment." ■

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Agricultural													
Deere	76/●	1	def	def	67.7%	def	1	–6.8%	–5.4%		NM	D-D	NM
Varity Corp	65/DP		NE	def	185.5	def	2	–12.8	12.3		NM	P-D	NA
Medians			**def**	**def**	**126.6**	**def**		**–9.8**	**3.4**		**NM**	**NM**	
Building and mining													
Caterpillar	●/●	1	def	1.0%	27.1%	0.4%	4	–2.3%	4.9%		NM	–89.8%	NM
Clark Equipment	73/84	2	def	def	67.5	def	2	0.3	2.6		NM	D-D	NM
Harnischfeger Inds	28/44	3	def	1.5	66.5	1.2	1	2.5	45.3		NM	D-P	NM
LB Foster	42/●	4	def	def	500.0+	def	3	–0.2	–39.8		NM	D-D	NM
American Hoist	56/NA	5	def	def	100.0	def	5	–8.3	–16.5		NM	D-D	NM
Medians			**def**	**def**	**67.5**	**def**		**–0.2**	**2.6**		**NM**	**NM**	
Industrial													
Nacco Industries	35/21	1	22.1%	20.3%	178.2%	7.2%	10	5.9%	–14.6%	1	93.2%	4.2%	very high
Ametek	74/73	2	19.5	17.4	62.2	6.8	12	5.3	5.8	8	7.5	15.7	average
Colt Industries	28/25	3	18.7	NE	NE	4.3	30	–3.7	2.1	5	11.8‡‡	184.2	low
Pentair	39/55	4	17.0	9.8	44.3	2.0	1	24.6	40.0	7	8.2	5.8	low
Kaman	50/14	5	16.5	16.6	82.3	3.4	8	7.6	19.8	3	18.9	13.6	very high
Illinois Tool Works	●/●	6	15.1	28.0	75.4	6.5	2	14.6	127.1	9	6.2	221.0	low
Stanley Works	41/47	7	14.5	14.7	56.7	4.9	9	7.0	17.5	6	11.6	–1.0	average
Stanadyne	38/DP	8	14.5	13.6	9.6	5.6	11	5.4	6.3	11	5.5	8.5	very low
Tecumseh Products	●/●	9	13.7	12.5	1.7	7.3	17	2.1	9.2	13	1.8	22.5	very low
Parker-Hannifin	58/49	10	13.0	12.4	36.0	4.6	4	9.5	7.4	10	6.1	–3.0	very low
Trinova	77/71	11	12.4	def	24.5	4.0	5	8.7	0.2	2	76.3	P-D	NM
Sundstrand	32/6	12	11.8	5.5	47.2	2.4	7	7.7	–1.8	16	–8.9	–58.3	average
Zurn Industries	●/84	13	11.3	10.4	5.9	4.5	20	–0.1	13.6	14	–4.3	21.4	low
Foster Wheeler	60/38	14	10.6	5.7	45.3	2.0	32	–6.6	–1.1	18	–17.6	1.4	very high
Harsco	34/1	15	10.6	13.0	12.0	5.5	15	2.6	–3.3	12	2.5	29.8	very low

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Think small and grow

Innovation is nothing new at ITW (Illinois Tool Works). The 75-year-old Chicago maker of industrial products and consumables holds a remarkable 1,400 active patents. In the 1920s ITW patented the lock washer, in the 1930s the self-tapping screw, and in the 1950s its single most profitable product, the plastic collar for six-packs.

How does ITW do it? Two ways. First, by having the guts to take a lot of chances. "We make a lot of mistakes," says Chairman John Nichols. "It's a way of life around here." Second, by thinking small and producing thousands of products. ITW's $1.7 billion in sales stem from roughly 75 operating divisions, most of which generate only $15 million to $25 million in sales. "We live on small ideas," says Nichols. "We're excited about an idea that might sell only $25,000. But small ideas get lost with size. In a $200 million division, you've got to come up with $2 million ideas."

Sixteen months ago ITW broke its conservative tradition and paid $524 million for Signode Industries, maker of plastic and steel strapping used to bundle anything from lumber to magazines. Nichols promptly began to break Signode down into smaller units. Already some 20 new products have sprung out of the combination. Through September, ITW's earnings per share were up 51%, to $1.54, a sound endorsement for small but innovative thinking.

Kevin Horan/Picture Group

John Nichols of ITW

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
General Signal	32/41	16	10.3%	7.2%	9.7%	4.2%	19	0.2%	–7.0%	17	–12.5%	93.3%	average
Cooper Industries	49/34	17	9.1	11.4	51.2	4.8	13	5.1	–3.3	15	–7.9	9.9	low
Whittaker	62/57	18	9.1	14.5	21.2	6.8	37	–21.4	–27.3		NM	D-P	NM
Interlake	●/●	19	7.6	16.4	31.8	5.3	29	–3.6	0.8	4	12.8	–34.6	very low
Bearings	●/●	20	6.9	5.5	35.6	1.4	6	8.1	2.3	19	–22.2	272.0	average
Combustion Eng	●/●	21	5.6	6.6	37.0	1.7	33	–8.7	15.3		NM	–10.5	NM
Ingersoll-Rand	●/●	22	3.4	15.4	25.6	3.9	24	–2.8	–3.1		NM	96.9	NM
Todd Shipyards	27/PD	23	2.2	NA	NA	def	35	–12.9	–15.8		NM	D-D	NM
General Refractories	69/39	24	1.7	48.2	17.5	6.8	23	–2.2	–29.2		NA	122.2	NM
McDermott Intl	49/PD	25	1.7	def	77.2	def	31	–6.3	2.0		NM	P-D	NM
Eagle-Picher Inds	62/62	26	1.7	21.9	44.4	6.1	14	2.8	0.9		NM	D-P	NM
Stewart-Warner	46/32	27	1.3	def	0.0	def	25	–2.9	–3.6		NM	P-D	NM
Foxboro	●/●	28	1.3	def	2.2	def	22	–2.1	–8.7		NM	D-D	NM
Dresser Industries	38/69	29	0.8	def	17.0	def	28	–3.2	–18.8		NM	D-D	NM
Cincinnati Milacron	●/●	30	0.1	4.1	60.0	1.5	21	–1.2	0.7		NM	–36.4	NM
Timken	72/20	31	def	def	17.7	def	27	–3.0	5.5		NM	D-D	NM
Norton	●/●	32	def	def	39.5	def	26	–2.9	2.7		NM	D-D	NM
Stewart & Stevenson	●/●	33	def	7.9	36.4	2.0	34	–10.8	9.1		NM	D-P	NM
Ampco-Pittsburgh	41/44	34	def	def	46.5	def	18	2.0	–24.4		NM	D-D	NM
Harnischfeger Inds	72/56	35	def	1.5	66.5	1.2	16	2.5	45.3		NM	D-P	NM
Allis-Chalmers	●/●	36	def†	NE	NE	def	36	–17.3	–15.8		NA	D-D	NM
Masco Industries	24/33		NA	21.3	230.6	5.3	3	10.4	105.0		NA	313.2	NA
Medians			**8.3**	**8.8**	**36.2**	**3.9**		**0.2**	**0.9**		**–15.0**	**8.5**	
Industry medians			**5.6**	**6.1**	**38.2**	**2.0**		**–0.2**	**0.9**		**NM**	**1.4**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

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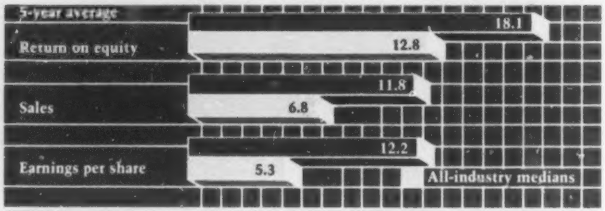
INDUSTRIAL AND OFFICE SERVICES

How to make money off the companies trying to save money



By Jason Zweig

LIKE THE EGYPTIAN PLOVER, a bird that rides on the backs of rhinoceroses and picks off the fleas, the companies in this group are symbiotically feeding on corporate America's push to reduce operating costs. Companies in this sector do everything from supplying temporary employees to servicing airline kitchens to killing termites. During 1987 their overall revenues grew 14%, nearly twice the average for U.S. industry as a whole.

To serve the clients' needs, some of these firms diversified to the point of near confusion in 1987. PHH Group, already in property management, fuel credit card management and corporate aircraft services, took over Avis' small fleet-leasing operations. Esselte Business Systems, a maker and marketer of office products, acquired a Belgian manufacturer of com-

"We service everything"

In 1982 Ogden Corp. of New York City resembled nothing so much as a corporate kitchen sink, filled with everything from shipbuilding and machine tools to scrap metal and even the processing of Italian food. By the end of 1987 Ogden had been transformed beyond recognition into a 100% offices and industrial services company. Under Chairman and Chief Executive Officer Ralph Ablon, who orchestrated one of the most complete and successful business restructurings of recent times, Ogden now converts solid waste to energy, cleans up toxic waste and provides maintenance services for buildings and airports. "We can service absolutely everything," Ablon declares. "The end is cost-cutting, and we don't just sell the means to the end. We sell the end itself."

In 1987 Ablon moved his reborn company aggressively into a high-stakes new field that promises big returns over the long term: converting municipal waste to steam and electricity. With more and more communities now banning landfills, even as the amount of solid waste swells by at least 3% annually, there is growing demand for waste-burning facilities of the sort Ogden designs and operates.

Capital costs for these plants are initially high, but once up and running, such facilities can return a steady river of cash for up to four decades. In 1987 Ogden landed contracts for five such plants, for a total of $864 million. One-third of Ogden's net income ($55 million in 1987) already comes from waste-to-energy projects—up from less than 1% two years ago—and further increases are certain in the years to come. A long way indeed from selling scrap metal and canned minestrone.

Ralph Ablon of Ogden Corp.

Scott Osman

INDUSTRIAL AND OFFICE SERVICES

puter paper and a maker of staplers in Spain.

But many of the best performers in the group needed no such bulking up to stand out from the crowd. Commerce Clearing House, Inc., which publishes federal tax guides, prepares tax returns by computer and assists lawyers in filing corporate documents, added record sales and earnings to its number one ranking in return on equity. And at H&R Block, the nation's largest preparer of tax returns, revenues rose 14% and earnings per share 20%. Atlanta-based Rollins Inc. posted record sales and profits for the seventh straight quarter, as its Orkin unit expanded from a largely residential base of lawn care and pest control operations to include more commercial clients. Laidlaw Industries, Inc. grew 150% over the last 12 months. Sales were powered in large part by the 1986 acquisition of GSX Corp., a waste services company, which doubled Laidlaw's revenue base.

Processing solid and toxic waste continued to offer enormous growth possibilities, but two companies nonetheless stumbled badly. The U.S. Justice Department hit units of Browning-Ferris Industries and Waste Management, Inc. with a $1 million fine each, for conspiring to fix prices and stifle competition. The fines could hinder the firms' operations in several states that are empowered to prohibit the granting of public contracts to companies found guilty of felonies.

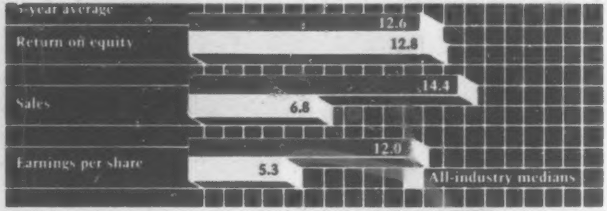
On balance, this much seems clear: Unless a severe recession hits in 1988, the imperative to keep cutting costs will keep this sector thriving. Yet if the economy goes into a steep decline, which at present seems unlikely, investors in these stocks had better watch out: Rhinos can shake off their plovers and lumber along without them. ■

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Industrial services													
Rollins	●/●	1	29.0%	51.6%	0.0%	6.2%	6	4.8%	11.1%	4	17.2%	11.0%	average
Browning-Ferris Inds	●/●	2	22.7	22.5	37.2	10.4	4	15.6	24.7	3	17.2	21.1	very high
Waste Management	●/●	3	22.2	28.1	17.4	17.5	2	20.7	35.7	2	24.5	107.0	high
Laidlaw Industries	●/●	4	22.2	14.9	38.0	3.9	1	29.9	149.8	1	26.7	7.1	high
National Service	22/23	5	18.2	16.4	4.3	5.7	5	9.2	3.4	5	8.7	6.4	very high
Johnson Controls	43/35	6	14.7	10.8	15.7	3.4	3	16.7	1.4	6	7.1	–6.6	very high
Ecolab	●/●	7	13.2	52.5	156.3	15.9	7	4.7	9.3		NM	81.4	NM
Ogden	●/●	8	13.1	54.8	37.8	15.4	10	–19.1	–8.4		NM	D-P	NM
Honeywell	23/DP	9	6.1	def	26.4	def	8	1.9	–8.9		NM	P-D	NM
IU International	24/58	10	0.8	9.5	70.3	1.5	9	–6.4	–5.4		NM	D-P	NM
Medians			**16.4**	**19.5**	**31.8**	**5.9**		**7.0**	**6.4**		**7.9**	**16.0**	
Office products, services													
Commerce Clearing	43/39	1	41.3%	32.6%	2.2%	9.6%	16	9.3%	12.7%	13	12.2%	0.3%	high
General Motors EDS	●/●	2	37.9	36.3	58.1	6.7	1	59.9	1.5	1	45.2	17.8	high
Comdisco	●/●	3	32.8	26.1	83.4	8.0	5	18.7	35.2	5	27.8	18.3	high
Kelly Services	●/●	4	24.9	30.8	0.0	4.1	4	20.7	12.1	7	22.6	26.8	high
H&R Block	36/20	5	23.0	22.6	1.6	10.5	6	17.8	14.0	15	10.0	20.1	very high
Herman Miller	●/●	6	22.5	17.2	16.2	5.8	7	16.4	13.0	6	22.7	–2.1	very high
United Stationers	●/●	7	22.1	12.6	41.2	2.1	3	27.6	15.5	8	18.8	3.1	high
Xidex	●/●	8	19.7	def	30.9	def	2	42.3	23.2	12	13.3	P-D	average
PHH Group	●/●	9	19.3	14.3	381.7	2.9	9	15.5	59.5	16	7.9	5.7	very high
Standard Register	●/●	10	18.8	20.0	28.4	5.6	14	11.5	29.8	9	17.4	37.0	very high
HON Industries	87/●	11	18.6	19.0	28.9	4.8	10	14.0	5.2	10	15.2	–10.6	average
Automatic Data	●/●	12	18.1	18.1	23.5	9.8	8	16.4	13.6	11	13.7	22.7	very high
Reynolds & Reynolds	50/56	13	16.9	11.8	44.0	3.8	11	13.8	39.3	3	30.1	–21.7	NM
Computer Sciences	●/●	14	14.2	12.8	29.6	3.4	18	9.1	19.3	14	10.4	26.1	high
Moore Corp	●/●	15	14.2	11.8	4.5	5.4	21	3.0	0.0	17	2.3	–12.2	very low
Alco Standard	70/55	16	14.0	17.1	69.7	2.2	15	11.3	–15.8	19	–2.9	35.6	average
Bell & Howell	52/43	17	12.7	8.7	69.4	3.1	19	4.9	–7.6	18	1.5‡‡	–28.7	very high
Esselte Business Sys	60/45	18	12.6	14.8	27.1	4.5	12	12.9	28.4	2	32.1	29.4	very high
Dennison Mfg	45/54	19	12.0	15.6	40.9	5.1	20	4.5	4.0	21	–9.6	188.8	very low
American Building	●/●	20	11.6	5.8	21.8	0.8	13	12.1	8.9	20	–7.6	–20.5	average
Xerox	72/87	21	9.2	9.8	30.4	3.6	17	9.2	13.6	22	–10.7	2.6	average
Nashua	74/64	22	5.2	13.3	24.7	2.9	22	1.5	18.0	4	29.1‡‡	5.7	average
Savin	●/●	23	def†	NE	NE	0.0	24	–3.3	–7.0		NA	D-D	NM
AM International	●/●		NA	def	115.0	0.2	23	1.0	68.8		NM	D-D	NA
Medians			**18.1**	**14.5**	**29.2**	**3.9**		**12.5**	**13.6**		**13.3**	**4.4**	
Industry medians			**18.1**	**15.2**	**29.2**	**4.3**		**11.8**	**12.9**		**12.2**	**6.8**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

INSURANCE

Profits were up, stock prices were down, and troubles loomed everywhere.



By Jill Andresky

EVEN WHEN TIMES ARE GOOD, as they have been for the past two years, these companies can't get any respect, at least from investors. Led by a continued rebound in the property-casualty market, insurers earned profit margins that were 22% higher than the FORBES all-industry median. But long before October's Black Monday, their stocks were trading at bargain-basement prices.

For life insurers, AIDS was the big problem. Although profit and sales growth were strong in 1987, investors quaked at estimates that health care costs for AIDS victims could reach $20 billion annually by the 1990s. Estimates based on existing life insurance policies alone suggest that AIDS-related deaths will account for over 10% of total life insurance claims by the mid-1990s.

The largest insurers banded together into an industry

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Brokers													
Marsh & McLennan Cos	71/79	1	30.4%	46.5%	1.9%	14.4%	1	15.6%	20.7%	1	10.8%	28.4%	low
Alexander & Alexander	88/●	2	def†	18.5	36.3	5.4	2	9.6	9.1		NM	500.0+	NM
Medians			14.9	32.5	19.1	9.9		12.6	14.9		NM	500.0+	
Diversified													
Loews	81/60	1	22.6%	17.8%	47.7%	5.8%	13	12.9%	13.3%	5	25.0%	–6.6%	high
Reliance Group	●/●	2	21.9†	47.1	177.3	4.6	8	16.1‡	17.5	1	73.8‡	500.0+	low
Teledyne	24/NA	3	21.4	15.2	28.0	7.7	25	1.6	0.5	7	18.9‡	10.3	low
AON	●/●	4	18.8	19.4	33.9	7.8	16	12.0	34.8	8	17.6	–9.6	high
American Bankers	●/●	5	17.5	def	100.0	def	6	19.6	12.5	14	9.8	P-D	average
Cincinnati Financial	●/●	6	17.5	15.1	9.7	10.5	7	16.5	17.0	10	14.9	1.1	high
Farmers Group	●/●	7	17.4	16.9	13.5	19.7	10	15.3	9.8	12	12.3	14.0	very high
American Intl Group	●/●	8	16.7	22.4	4.6	10.0	5	21.1	30.7	15	8.9	68.4	low
Old Republic Intl	●/●	9	16.4	17.1	19.7	8.2	3	28.5	1.7	17	6.8	28.7	high
Harcourt Brace	26/19	10	16.0	def	NE	def	14	12.4	26.6	3	40.0	P-D	NM
Uslico	●/NA	11	15.6	13.9	15.8	6.7	1	29.4	7.4	18	6.4	26.6	average
American General	●/83	12	14.7	14.0	13.5	10.5	4	22.3	12.5	11	12.5	18.7	average
Safeco	89/●	13	14.4	23.4	30.8	10.3	17	11.5	2.3	6	19.9	38.4	high
CNA Financial	●/●	14	14.1	13.0	1.5	4.8	11	14.8	22.2	4	34.5	–17.5	high
FPL Group	25/NA	15	13.8	13.2	112.3	9.1	24	8.1	4.3	16	7.1	6.3	very high
General Re	●/●	16	13.7	19.6	4.8	13.4	9	15.9	23.2	23	–1.3	80.1	very low
Sears, Roebuck	31/48	17	12.6	12.7	71.8	3.4	19	10.3	9.2	13	11.8	17.4	average
Kemper	76/52	18	12.5	18.7	13.5	7.6	18	10.6	11.2	20	3.2	32.7	very low
Lincoln National	●/●	19	11.9	14.0	12.4	4.1	12	14.5	24.1	9	15.5	26.8	high
Travelers	●/●	20	10.6	10.7	5.3	2.8	21	10.0	12.7	19	3.8	0.8	low
Gt Western Financial	25/ 4	21	10.6	16.0	88.5	6.5	2	28.9	16.3	2	53.8‡‡	–18.4	very high
Transamerica	87/59	22	10.5	18.4	98.8	6.0	23	8.4	15.7	24	–2.7	50.9	very low
Continental Corp	●/●	23	10.4	14.1	17.0	6.2	15	12.2	3.8	21	0.8	28.6	very low
ITT	48/28	24	8.5	11.0	33.6	9.7	26	–14.0	–39.0	25	–12.5	111.9	average
Aetna Life & Cas	●/●	25	8.3	15.8	7.6	4.1	22	8.8	10.4	22	0.3	14.5	very low
Cigna	61/59	26	4.6	16.0	7.4	4.7	20	10.1	0.6		NM	D-P	NM
Medians			14.3	15.5	16.4	6.6		12.7	12.5		10.8	18.1	
Life and health													
ICH	●/●	1	37.2%	18.0%	159.4%	5.9%	1	70.0%	56.2%	1	46.5%	–31.9%	high
First Executive	●/●	2	34.7	11.9	0.0	4.8	5	22.7	12.1	15	8.4	4.0	very low
American Family	●/●	3	19.3	25.5	13.9	6.4	6	20.8	40.1	2	39.5	40.8	high
Torchmark	●/87	4	16.7	23.5	31.5	12.6	7	20.6	5.6	7	23.5	5.0	high
Capital Holding	●/●	5	16.1	19.2	20.9	7.5	10	18.0	44.7	10	20.4	10.7	average

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

Patient insurer

In the lexicon of remarkable innovations, consider the achievement of John Amos. The 63-year-old founder and chief executive of Columbus, Ga.-based American Family Corp. took a product that was controversial in the U.S.—cancer insurance—redesigned it and in 1974 shipped it off to Japan, a country with one of the biggest, most well-entrenched insurance industries anywhere. American Family has now emerged as one of the 20 largest insurers in Japan, covering one of every six families. Last year 66% of the company's revenues and 70% of aftertax earnings came from Japan.

Billy Grimes

American Family's Amos

Amos' strategy is simple: "Stick to niche marketing and you're not big enough to scare anyone. Then you've got to be patient as Job and figure out how to do things the Japanese way." Back in the Seventies he came up with an idea guaranteed to win favor with the Japanese Ministry of Finance: Use retired Japanese workers to sell his product to their former colleagues. "Their retirement benefits weren't good enough to last them forever, so American Family became a little like their social security," he recalls. American Family now employs about 10,500 mostly retired Japanese workers.

Tragically, Amos himself is currently grappling with lung cancer. But he remains involved in company affairs and has devoted himself in recent weeks to preparing American Family's listing on the Tokyo Stock Exchange. The firm's 25.5% return on equity last year led the major U.S. life insurers, thanks to favorable currency translations and Amos' decision in late 1986 to sell most of his Japanese stockholdings.

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Ethyl	29/26	6	16.1%	20.1%	60.8%	11.4%	18	–2.0%	4.6%	11	18.9%	16.4%	high
American Natl Ins	85/●	7	15.0	14.2	0.2	22.7	15	4.5	7.5	4	28.1	26.8	very high
Provident Life & Acc	●/●	8	14.6	13.1	0.0	5.4	12	15.2	28.3	12	18.0	0.9	very high
Monarch Capital	●/●	9	13.9	15.0	14.8	2.6	3	48.9	88.4	6	25.8	–12.2	high
Jefferson-Pilot	●/●	10	12.3	12.7	0.0	15.3	16	3.3	0.7	14	12.1	42.9	average
Integrated Resources	53/35	11	11.6	10.8	157.5	5.0	4	40.5	36.3		NM	500.0+	NM
Life Investors	●/86	12	10.9	9.1	55.2	2.5	9	18.6	37.1	8	21.5	–9.9	high
Business Men's Assur	85/PD	13	9.1	24.5	7.3	14.9	13	9.0	9.6		NM	D-P	NM
Equitable of Iowa	54/75	14	8.7	7.3	8.5	3.8	17	–0.2	9.4	13	16.2	–49.8	average
USLife	●/●	15	8.5	9.4	[illegible]	7.0	14	5.6	7.1		NM	–0.9	NM
No'western Natl Life	●/●	16	8.3	[illegible]	[illegible]	3.6	2	50.5	15.8	9	20.9	1.0	average
Washington National	●/●	17	7.2	6.5	1.2	3.6	19	–5.7	26.1	16	1.2	–23.8	very low
Kaufman & Broad	52/55	18	6.5	18.8	212.1	4.0	8	19.4	35.9	3	37.6‡‡	54.5	high
Primerica	40/39	19	6.5	18.9	141.3	6.3	20	–7.0	–21.7	5	27.0‡‡	22.6	very high
UNUM Corp	●/●		NA	NA	0.0	4.8	11	16.8	2.5		NA	NA	NA
Medians			**12.3**	**14.2**	**16.7**	**5.7**		**17.4**	**14.0**		**20.4**	**5.0**	
Property and casualty													
Geico	●/●	1	34.1%	37.0%	23.5%	15.1%	6	14.4%	11.7%	3	33.0%	14.5%	very high
Progressive	●/●	2	27.1	29.8	27.3	10.7	2	26.5	42.8	2	44.2‡‡	3.1	high
Berkshire Hathaway	●/●	3	17.2	8.6	2.7	8.8	1	33.3	21.3	1	46.0	–60.2	high
Hanover Insurance	●/●	4	12.0	30.0	0.0	8.4	4	15.5	24.6	5	2.2	126.0	very low
Foremost Corp of Amer	84/59	5	11.9	15.9	7.9	8.2	5	15.0	–2.4	7	–6.3	147.8	average
Chubb	77/63	6	11.7	20.4	17.7	9.4	3	17.5	26.0	4	5.6	84.8	very low
Ohio Casualty	●/●	7	11.2	18.7	0.0	7.3	9	9.7	15.1	6	1.3	28.8	very low
Xerox	24/NA	8	9.2	9.8	30.4	3.6	10	9.2	13.6	8	–10.7	2.6	average
USF&G	●/87	9	8.0	12.2	6.3	4.4	8	13.9	10.8		NM	–12.2	NM
St Paul Cos	●/64	10	7.2	20.9	10.4	9.3	11	9.1	8.9		NM	71.8	NM
Fireman's Fund	●/●	11	2.7	22.6	21.7	8.5	12	5.4	14.7		NA	105.4	NM
Orion Capital	●/●	12	def	def	36.9	def	7	14.2	5.3		NM	D-D	NM
Home Group	●/●		NA	19.5	76.0	6.5	13	–3.2	10.8		NA	500.0+	NA
Medians			**11.4**	**19.5**	**17.7**	**8.4**		**14.2**	**13.6**		**1.3**	**28.8**	
Industry medians			**12.6**	**15.9**	**17.0**	**6.5**		**14.4**	**12.5**		**12.0**	**16.9**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

> *"We won't be around to keep our promises to current policyholders and our stockholders if we can't accurately assess our risks from AIDS."*

"CEO Task Force on AIDS" to plan concerted lobbying efforts, mainly in support of AIDS testing. In New York, Massachusetts and Texas the task force helped block laws this year that would have banned screening for underwriting purposes. Most large insurance companies continued to avoid writing new policies in Washington, D.C., which passed such a law in 1986.

Ian Rolland, chief executive of Fort Wayne, Ind.-based Lincoln National and one of the leaders of the campaign, says simply: "We won't be around to keep our promises to current policyholders and our stockholders if we can't accurately assess our risks from AIDS."

As if AIDS weren't enough, firms like Lincoln National and Cigna have been roiled by losses in their group health divisions. The problem: Their health maintenance organizations have proved costlier and less popular with consumers than anticipated.

With property-and-casualty insurers, investors were spooked by another worry: cyclicality. Although stock prices didn't reflect it, 1987 was in fact a very good year for property-casualty firms.

These companies won a multibillion-dollar tax break from Congress, kept policy prices high and pushed their all-important combined-loss ratios down from a horrendous record-high 118 in 1984 to near breakeven in 1987 at 104.

That meant good news as well for firms in the insurance brokerage industry, whose fortunes tend to rise and fall with policy prices.

Unfortunately, high prices and profits inevitably attract new competition, which leads to price wars, lower profits and, in the past, so-called cash-flow underwriting (selling policies at a loss in the hope of earning offsetting investment profits). By the end of 1987, price-discounting had already started.

In short, 1988 could see an intensifying squeeze on margins and softer stock prices than ever. ■

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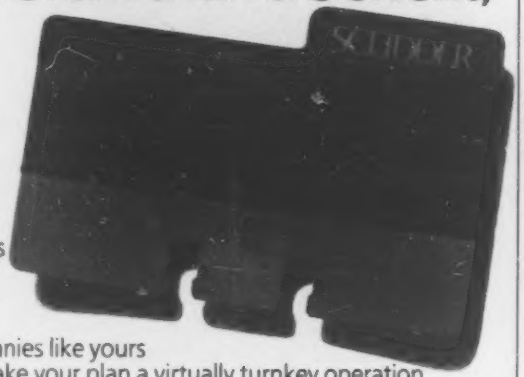

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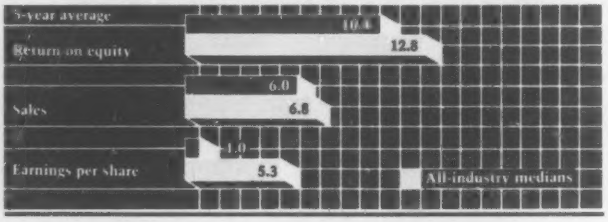

By Allan Dodds Frank

OVER THE YEARS, the companies on this list have collectively become linchpins of the U.S. economy, contributing importantly to everything from employment in California and Florida to capital inflows from international trade. The heart of the business is Hollywood moviemaking, and in 1987 America's dream factories had their best year ever.

Led by Paramount's Eddie Murphy sequel, *Beverly Hills Cop II*, the motion picture industry in 1987 set a domestic box office record of at least $4.2 billion, mainly because the offerings attracted more older viewers than ever before. Aging baby boomers and their parents accounted for 21% of the box office last year, up from 14% in 1986.

For the second consecutive year, Gulf & Western's Paramount Pictures division was the top motion picture producer, capturing more than one viewer in five and nearly $400 million in box office receipts just from the year's three biggest

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Entertainment													
General Cinema	35/23	1	36.5%	22.6%	105.6%	10.8%	8	3.5%	4.1%	1	26.8%	27.0%	high
CBS	31/45	2	19.3	42.4	84.4	9.4	7	3.6	–5.9	5	0.8	105.0	low
United Artists	59/49	3	16.8	6.8	500.0+	1.3	4	16.6	17.4	2	11.1	–9.5	very low
MCA	70/58	4	12.9	8.5	47.6	5.3	5	11.8	5.8	4	3.9	–26.7	very low
Walt Disney	82/80	5	10.4	29.8	27.6	15.5	3	21.3	16.4	3	10.5	77.5	low
Lorimar-Telepictures	75/●	6	8.9	def	165.8	def	2	33.5	23.0		NM	D-D	NM
Gulf & Western	30/23	7	7.5	15.4	65.3	6.9	10	–14.5	22.8		NM	38.2	NM
Warner Comm	84/●	8	4.3	24.7	38.0	8.7	9	–8.0	19.9		NM	3.6	NM
Bally Manufacturing	59/61	9	2.6	10.2	227.3	3.7	6	9.8	8.2		NM	60.4	NM
Turner Broadcasting	35/84		NA	NE	500.0+	def	1	38.2	24.7		NM	D-D	NA
Medians			**10.4**	**12.8**	**95.0**	**6.1**		**10.8**	**16.9**		**NM**	**15.3**	
Hotels and gaming													
Marriott	42/48	1	22.1%	21.1%	164.7%	3.5%	1	20.5%	30.0%	2	18.3%	16.8%	very high
Hilton Hotels	●/●	2	17.1	15.1	36.7	13.5	5	4.2	14.8	4	1.2	6.7	very low
Holiday	●/74	3	13.5	21.7	NE	8.4	7	1.3	0.0	3	10.8	24.1	average
Caesars World	●/●	4	7.3	14.5	21.9	5.2	6	3.5	12.3		NM	–4.4	NM
Bally Manufacturing	41/39	5	2.6	10.2	227.3	3.7	2	9.8	8.2		NM	60.4	NM
Ramada Inns	●/89	6	0.3	3.4	118.5	1.3	3	8.9	14.8	1	38.2‡‡	–7.1	average
Resorts Intl	●/●	7	def	def	500.0+	def	4	4.4	8.4		NM	D-D	NM
Medians			**7.3**	**14.5**	**118.5**	**3.7**		**4.4**	**12.3**		**1.2**	**6.7**	
Recreation													
Brunswick	73/81	1	29.4%	23.4%	54.4%	5.8%	2	10.8%	68.8%	2	17.1%	42.0%	low
Minstar	58/●	2	26.7	1.4	52.5	0.5	1	136.8	–43.3	1	86.3	–91.5	average
Coleman	71/72	3	10.3	10.4	45.4	3.1	3	7.6	20.3	3	–6.6	14.2	low
Outboard Marine	82/71	4	9.8	11.1	27.5	3.6	4	4.5	32.7	4	–12.3	287.9	very low
Medians			**18.5**	**10.8**	**49.0**	**3.4**		**9.2**	**26.5**		**5.3**	**28.1**	
Photography													
Fuqua Industries	28/18	1	25.6%	17.5%	87.4%	6.2%	1	3.4%	–9.8%	2	9.4%	‡ –9.3%	low
Eastman Kodak	80/69	2	9.5	11.0	22.5	7.9	3	1.6	12.9	3	–21.9	500.0+	high
Polaroid	●/●	3	5.2	15.6	0.0	6.6	2	2.0	14.2	1	22.5	71.8	average
Medians			**9.5**	**15.6**	**22.5**	**6.6**		**2.0**	**12.9**		**9.4**	**71.8**	
Toys and electronics													
Coleco Industries	●/●	1	96.7%	NE	500.0+%	def	2	21.1%	–12.0%		NM	P-D	NM
Hasbro	●/●	2	33.9	9.7%	20.4	4.4%	1	79.6	1.2	1	66.3%	–42.3%	NM
Mattel	●/●	3	def†	def	187.5	def	3	–2.1	2.6		NM	P-D	NM
Medians			**33.9**	**–11.5**	**187.5**	**–1.2**		**21.1**	**1.2**		**NM**	**NM**	
Industry medians			**10.4**	**11.0**	**59.9**	**4.8**		**6.0**	**13.6**		**1.0**	**5.1**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

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hits: *Cop II*, *Fatal Attraction* and *The Untouchables.* The year's box office hits should generate more profits in 1988 as they go into videocassette release and pay/cable TV distribution in North America and overseas.

Moviemaking was the brightest spot in entertainment, enjoying profitability nearly 45% greater than, and sales growth double that of, the overall business average. As a group, leisure and recreation did not perform as well as movies. Still, return on equity was 11%, and sales rose nearly 65% faster than the median for all businesses. Despite some impressive company gains over strong 1986 performances, median growth in earnings per share lagged other industry sectors by close to 60%.

Casino visitors in New Jersey and Nevada gambled over 10% more than in 1986, with revenues exceeding $5.3 billion. Profits at some casinos, notably Hilton, Bally and Holiday Corp.'s Harrah's, were up more than 20% for the first three quarters. In powerboats, both big boat buyers and first-timers purchasing runabouts were strongly in evidence, as the big four manufacturers showed sales gains exceeding 30%.

A few sectors of the industry suffered. Hotel operators had a mediocre year, in large part because of price wars in certain markets. But diminishing tax benefits from real estate shelters should lessen overbuilding and, unless a recession develops, help tighten the market in 1988 and 1989.

Toymakers also had trouble. Though foreign sales increased, the industry had flat revenues for the second year in a row, mainly because no new toy proved to be a big hit with kids. This year could be lackluster, too, unless another hit toy like the Cabbage Patch Kids is created.

The stock market decline could ultimately be advantageous to the strongest companies in this industry. Gulf & Western, Warner Communications and Walt Disney had record earnings last year. They now may acquire television stations, cable TV properties or even record companies that their chief executives had thought overpriced in 1987. If the friendly $2 billion deal by Sony for CBS Records works out, Hollywood's programmers could be the next Japanese target. One possible candidate is MCA, where doubts remain about how long Chairman Lew Wasserman, 74, will be able to resist temptations to merge or find a friendly buyer. Another tempting target is Lorimar, weighed down with debt from having paid handsomely for various broadcast and publishing properties. ■

Hollywood's listener

Frank Mancuso of Paramount Pictures

Christopher Little

Among the big egos of movieland, a voluble lot, Frank Mancuso is a rarity. Mancuso, the soft-spoken 54-year-old chairman of Gulf & Western's Paramount Pictures division, listens well. Since he took over at Paramount in 1984, Mancuso has heeded the admonition of his boss, Gulf & Western Chairman Martin Davis, who tells Forbes his golden rule: "Here we're more interested in profits than awards."

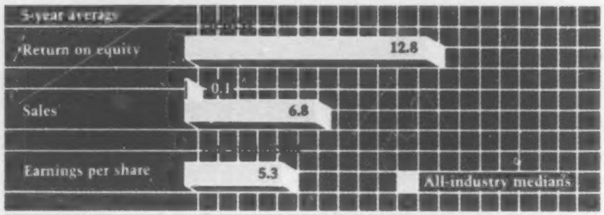
Today, one moviegoer in five sees a Paramount production, and in 1987 the studio became the first ever to sweep a year with the top three hits. These productions, which collectively cost about $110 million to make and promote, will gross nearly $400 million in North America and add more than $100 million to profits. Overall, Paramount's 13 feature films, 15 television shows and its videocassette sales will produce a record $1.6 billion in revenues.

Mancuso's secret? In brief, he treats his employees as a microcosm of the country's moviegoers. After three previews of Paramount's $17 million *Fatal Attraction,* recalls Paramount Motion Picture Group President Ned Tanen, "We knew we had to do something about the ending. The audience wanted that character [Glenn Close's Alex Forrest] to get her comeuppance. They didn't want her to commit suicide, as she did originally. I went to Frank and said: 'This is going to cost us $1.5 million to reshoot the ending, so get ready.' Both of us aren't always grateful to be spending more money, but he agreed it was a gamble worth taking." Well before a movie begins shooting, Mancuso solicits ideas from writers, actors and directors. Dozens of Paramount executives in production, marketing and distribution also get involved. "We're programmers. But we don't separate programming from marketing," says Mancuso.

Better than anyone else, Mancuso in 1987 zeroed in on the population's largest potential group of moviegoers—aging baby boomers 30 to 40 years old. By sensing the residual, if sometimes unconscious, affinity baby boomers have for their youthful television watching years, Mancuso returned to such instantly recognized properties as the old black-and-white television series *The Untouchables,* recreating it as a lushly colored feature film. *Fatal Attraction* was aimed at 20-to-40-year-old women initially but caught on with a wider audience, thanks in part to skillful promotion. Ahead for 1988: more Eddie Murphy, *Crocodile Dundee II* and new TV episodes of *Star Trek.*

METALS

Last year we advised these companies to "cut costs and pray." It's working.



By John Merwin

THIS TIME LAST YEAR, nearly two-thirds of the companies on this list were like Lazarus the beggar, peering through the rich man's gate in hopes of a crumb from the feast. But just as the other Biblical Lazarus rose from the dead, so too have metals companies. Copper prices have nearly doubled, to $1.29 a pound. Aluminum ingot, at 82 cents a pound, is up 64%. Plus, the nation's five largest integrated steelmakers all ought to make money for a change.

The swiftness of this turnaround has been remarkable. With copper prices more than double the break-even costs of big producers such as Asarco and Phelps Dodge, copper is breezing into its best year since 1980.

Minimill biggie

Like Andrew Carnegie a century ago, steel minimill Nucor Corp. understands that the fellow with the latest equipment turns the highest profits. Says Nucor's chief executive officer of 22 years, F. Kenneth Iverson, "We learned a lesson integrated steelmakers didn't learn for a long time: Steel technology changes so rapidly that once you fall behind, you don't have the cash flow you need to modernize."

Year after year of technological innovation is a key reason Nucor remains a pacesetter, in both growth and profitability, for the entire industry. Nucor is investing over $175 million in a new mill and new casting equipment, which will allow the company to move from being strictly a minimill producer of low-end products to becoming a supplier of big-league flat-rolled steel, traditionally the domain of integrated steelmakers. Nucor will install a new West German technology that casts molten steel into 2-inch slabs rather than traditional 6-inch-to-10-inch slabs, which are too thick for the firm's minimills to handle. Potential labor and energy savings? About $50 to $75 a ton, says Iverson. Productivity? "The average integrated steelmaker produces around 400 tons of steel per employee, per year. We're looking for this technology to do some 1,200 to 1,500 tons per employee."

Nucor will be the first to implement the new casting technology, so there is risk when the mill opens in early 1989. "But if it works, and we get the lead that we think we can," says Iverson, "then we've mapped out the growth of this company for the next ten years."

Possible impact? Oppenheimer & Co.'s John Tumazos reckons that, if successful, the thin-casting technology plus some other technological advancements under development at Nucor could more than triple the company's share value by the mid-1990s. And that's what innovation in business is all about.

Benjamin Porter/Archive

F. Kenneth Iverson of Nucor Corp.

Aluminum looks nearly as good. Raw metal prices are higher than they have been since the early Eighties. Alcoa is restarting three aluminum smelting lines it wrote off in the fall of 1986. Reynolds Metals is actually allocating production to its own fabrication operations. Reynolds President William O. Bourke says he expects world supplies to remain tight throughout 1988. If prices of fabricated products such as aluminum beverage-can sheet rise much beyond last year's 15% rate of increase, aluminum companies will also report their best returns since 1980.

The immediate outlook for steelmakers is also bright, mainly because of shutdowns and eased labor agreements. USX' steel division president, Thomas Graham, notes that this year his company could break even operating at only 60% of capacity, compared with 90% before last year's strike. And that, says Graham, is how his company intends to stay in the black regardless of what happens to steel prices. Says he: "Our long-term salvation will come not from the price side but from the cost side." Inland Steel Chairman Frank Luerssen agrees, adding, "The real progress doesn't come so much from what you pay per hour but in how many hours it takes to make a ton of steel." At Inland, that figure is down 24% from five years ago.

Amid these heady times, a sobering note. A recession could hurt, though perhaps not so much as some people think. In copper and aluminum, the lowest worldwide inventories in 14 years should slow price slides. In steel, sharply lower break-even levels ought to cushion a recession's blow. ■

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Nonferrous metals													
Engelhard	71/19	1	12.9%	13.3%	16.8%	2.9%	4	2.1%	8.4%	1	–8.8%	50.0%	average
Handy & Harman	67/●	2	4.8	def	92.4	def	7	–0.1	6.7		NM	D-D	NM
Alcoa	85/●	3	4.0	7.0	36.5	4.9	6	0.2	10.2		NM	D-P	NM
Newmont Mining	58/●	4	2.5	15.8	9.9	59.8	12	–11.7	–37.6		NM	350.0	NM
Alcan Aluminium	82/77	5	2.0	10.7	35.5	5.2	3	4.6	8.0		NM	D-P	NM
Reynolds Metals	●/●	6	def	15.5	84.0	5.1	5	2.1	8.8		NM	252.2	NM
Phelps Dodge	71/88	7	def	6.8	33.0	5.5	11	–8.1	52.6		NM	120.7	NM
KaiserTech	89/●	8	def	def	136.7	def	10	–7.8	–5.2		NM	D-D	NM
Asarco	86/87	9	def	19.1	30.2	12.6	9	–6.7	6.3		NM	D-P	NM
Inco	●/●	10	def	1.8	73.6	2.2	8	–1.5	10.3		NA	D-P	NM
AMAX	46/10	11	def	20.2	78.8	6.9	13	–12.5	106.9		NM	D-P	NM
Inspiration Resources	35/●	12	def	def	67.4	def	2	7.5	5.4		NA	D-D	NM
Cyprus Minerals	31/26		NA	2.5	13.8	2.7	1	8.0	–9.1		NA	D-P	NA
Medians			**def**	**7.0**	**36.5**	**4.9**		**–0.1**	**8.0**		**NM**	**350.0**	
Steel													
Worthington Inds	69/78	1	19.9%	17.3%	17.7%	5.1%	3	13.7%	7.9%	2	13.8%	–0.3%	high
Nucor	●/●	2	14.4	11.8	10.1	5.8	4	9.5	2.2	1	14.1	–21.5	average
Texas Industries	54/75	3	10.3	def	169.7	0.1	2	14.5	–7.5	5	–6.2	P-D	low
Central Steel & Wire	●/●	4	9.0	8.9	0.0	2.4	7	2.4	6.9	4	–4.1	17.3	very low
Commercial Metals	32/68	5	8.5	6.9	23.4	1.2	18	–5.3	–1.4	3	3.6	–28.8	low
Carpenter Technology	●/●	6	8.0	1.8	43.6	1.1	10	0.5	–8.8	6	–20.5	–59.5	average
Earle M Jorgensen	●/●	7	3.0	def	16.2	def	16	–3.6	9.5		NM	P-D	NM
National-Standard	●/●	8	0.0	def	53.6	def	13	–2.6	8.0		NM	P-D	NM
Lukens	68/67	9	def	11.1	36.5	3.1	9	1.2	18.1		NM	335.0	NM
Timken	28/80	10	def	def	17.7	def	15	–3.0	5.5		NM	D-D	NM
Ampco-Pittsburgh	40/73	11	def	def	46.5	def	8	2.0	–24.4		NM	D-D	NM
Inland Steel Inds	●/●	12	def	9.4	48.0	3.2	12	–1.6	9.1		NM	D-P	NM
USX	25/84	13	def	def	114.1	def	11	0.3	–22.5		NM	D-D	NM
Copperweld	●/●	14	def	1.3	77.1	1.9	20	–14.6	–35.2		NM	D-P	NM
Northwestern Steel	●/●	15	def	3.4	7.4	1.4	17	–5.0	11.6		NM	75.6	NM
Armco	81/62	16	def	23.0	84.4	4.3	21	–15.4	–1.0		NM	D-P	NM
Bethlehem Steel	●/●	17	def	15.7	152.3	3.1	19	–7.1	–3.4		NM	D-P	NM
Wheeling-Pittsburgh	●/●	18	def†	NE	NE	def	14	–2.9	25.6		NM	D-D	NM
LTV	61/85	19	def	NE	NE	def	5	5.5	1.3		NM	D-D	NM
Allegheny Ludlum	●/●		NA	NA	53.0	NA	6	4.9‡	NA		NA	NA	NA
Edgcomb	●/●		NA	def	500.0+	def	1	62.3	–5.7		NM	P-D	NM
Medians			**def**	**1.6**	**43.6**	**1.2**		**0.3**	**2.2**		**NM**	**–28.8**	
Industry medians			**def**	**2.9**	**40.0**	**2.2**		**0.1**	**6.3**		**NM**	**33.7**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

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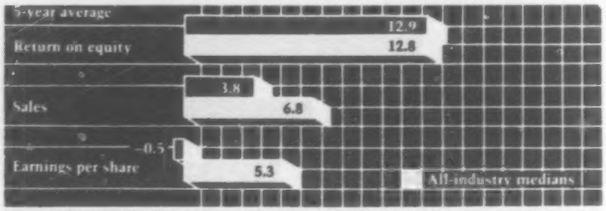
NATURAL GAS

Market forces once again disappointed, but Washington stood ready to help.



By William P. Barrett

IS THE TURNAROUND AT HAND? That's the murmur of the moment in this long-suffering industry. But it was also the murmur last year at about this time, and the year before that, and so on and so on. These stocks have generally lagged the market. Despite a few fresh reasons for hope, 1988 offers little prospect for big positive change.

One of the industry's basic problems stems from the fact that customers accounting for maybe 40% of usage could switch to oil if gas prices rose too much. Weak petroleum prices in the last few years have helped keep a lid on gas prices. But those low gas prices in turn have now curbed exploratory drilling activity to the point that the gas market has begun to tighten anyway. If petroleum prices were to rise in 1988, that could translate into good news indeed for gas producers. But present evidence suggests that crude prices are likely to remain low or even drop significantly in the months to come.

So the best hope for gas producers in 1988 will probably come not from market forces but from Washington. Regulatory changes now allow end-users to buy gas directly from producers in the newly developed spot market, arranging transportation from pipelines that in effect act as common carriers. This is called "third-party" gas, and spot prices for it at the wellhead, which bottomed out at $1.25 per thousand cubic feet in mid-1987 but rose to $1.80 near year's end, could well top $2 during 1988.

Federal regulators are also trying to remove some of the uncertainty facing pipelines over "take-or-pay" contracts with producers that obligated the pipelines to pay for gas at the sharply higher prices of yesteryear. The contracts have produced huge "accrued liabilities"—hundreds of millions of dollars for some companies—that have been weighing down

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Producers & pipeliners													
Coastal Corp	41/●	1	14.6%	23.7%	381.1%	2.0%	5	3.9%	6.4%	1	−0.9%	‡500+%	very low
Transco Energy	84/85	2	11.6	def	182.6	def	7	0.2	−14.6		NM	D-D	NM
Mitchell Energy	59/48	3	10.8	1.0	156.0	1.0	13	−9.2	−24.3	3	−35.3	−81.8	very high
Enron	●/●	4	10.7	def	246.7	0.1	1	21.3	−35.2	4	−36.0	P-D	average
Texas Eastern	77/●	5	8.3	7.2	110.1	2.4	9	−1.4	−18.5	5	−58.6	D-P	high
Burlington Northern	31/PD	6	8.0	9.5	79.6	5.3	2	14.0	−11.9		NM	D-P	NM
Tenneco	21/35	7	7.5	def	132.8	0.1	8	−0.6	−4.3		NM	D-D	NM
CSX	20/15	8	7.0	8.2	67.0	5.3	3	6.8	14.8		NM	D-P	NM
Occidental Petroleum	20/42	9	6.0	3.3	114.4	1.2	10	−1.9	12.9	2	−19.9	18.6	low
Sonat	87/42	10	5.9	def	92.4	def	12	−6.5	−26.1		NM	D-D	NM
Valero Energy	42/PD	11	1.5	1.9	58.7	1.8	6	1.0	−57.1		NM	D-P	NM
Panhandle Eastern	●/●	12	0.7	def	101.3	def	11	−4.9	−28.6		NM	D-D	NM
Williams Cos	●/●	13	0.6	def	92.6	def	4	5.9	−31.6		NM	D-D	NM
Medians			**7.5**	**1.0**	**110.1**	**1.0**		**0.2**	**−18.5**		**NM**	**−81.8**	
Distributors													
UtiliCorp United	68/8	1	18.2%	13.2%	109.7%	5.4%	2	23.0%	12.3%	7	10.3%	1.7%	high
Commonwealth Energy	37/27	2	17.2	11.2	80.0	5.2	29	2.6	0.5	3	15.2	−24.9	average
Laclede Gas	●/●	3	16.9	13.7	57.2	5.1	23	3.9	−18.7	2	19.2	−23.0	NM
Kansas Power & Light	60/21	4	16.8	15.0	84.6	7.6	1	29.4	−4.8	11	8.7	−3.0	high
No States Power	19/9	5	16.6	15.4	75.5	12.3	9	6.2	−3.5	10	8.9	1.9	very high

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Simplicity itself

Many natural gas pipeline companies are burdened with too much supply and not enough demand. But Thomas F. (Mack) McLarty III, chairman, president and chief executive officer of Arkla Inc., the Shreveport, La.- and Little Rock, Ark.-based integrated utility with 9,600 miles of pipelines, has come up with what is perhaps the simplest, most ingenious solution possible. During 1987 he simply went out and bought himself a market. The company agreed to acquire Entex Inc., the big, Houston-based utility with nearly 1.25 million customers throughout Texas, Louisiana and Mississippi.

The $670 million deal, expected to be completed early this year, will give Arkla an outlet for billions of cubic feet of its gas, adding, some analysts say, perhaps as much as 20% to the utility's 1988 per-share earnings.

Why isn't every pipeline company expanding like this? Many want to stay as far away as possible from state utility commissions, which set end-user rates and service standards for customers. Some don't have the financial wherewithal. Other companies just aren't that daring. But Arkla already had local utilities in several states—generally acquired years ago—and felt comfortable dealing with state regulators. "It was a return to our heritage," says McLarty.

The final wrinkle: By making Entex a division of Arkla instead of a wholly owned but corporately distinct subsidiary, Arkla will avoid the onerous reporting and regulatory requirements of the federal Public Utility Holding Act of 1935. And for McLarty, that's a pretty nifty maneuver in itself.

Thomas F. McLarty of Arkla Inc.

McMichael/Hinegardner

NATURAL GAS

balance sheets. In August the Federal Energy Regulatory Commission ruled that pipelines can now pass along part of the liabilities to customers in one of several different ways, which might remove some of the uncertainty. However, the ruling faces a court challenge.

As for many local distribution companies, the utilities hooked to the end-users, the year ahead doesn't look encouraging. For the most part, the companies are stuck with low, regulated rates of return, and some may even wind up having to absorb part of the take-or-pay solutions. The most profitable of these firms will be those that are integrated with their own production, such as Nicor, or that, like Brooklyn Union Gas, often buy directly from producers and play the third-party market. ■

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Peoples Energy	●/●	6	16.5%	11.8%	82.4%	4.8%	28	2.8%	–21.6%	8	10.0%	–26.9%	average
Illinois Power	31/8	7	16.1	16.3	96.4	26.3	27	3.5	2.3	18	6.3	7.1	average
Iowa-Illinois G&E	48/13	8	16.0	15.0	87.7	12.5	13	5.5	–11.6	25	2.0	12.5	low
Wisconsin Public Svc	31/7	9	15.5	14.0	52.6	9.0	26	3.5	–4.0	13	7.9	0.5	high
Baltimore G&E	24/9	10	15.2	16.7	78.8	16.3	17	4.8	1.3	6	11.2	10.2	very high
Pacific G&E	33/17	11	15.1	7.9	91.2	9.4	12	5.8	–8.5	15	7.5	–43.4	average
Niagara Mohawk Power	20/7	12	15.1	4.8	113.5	6.7	20	4.3	–2.8	24	2.9	–64.2	average
Rochester G&E	35/16	13	15.1	6.1	130.2	7.2	25	3.8	–2.7	20	4.8	–53.4	average
Cincinnati G&E	30/8	14	15.0	20.0	98.3	14.7	15	4.8	–1.5	16	6.8	11.4	average
Brooklyn Union Gas	●/●	15	14.7	14.1	74.6	6.4	7	6.7	–8.2	27	–1.6	42.1	very low
Southwest Gas	●/●	16	14.5	13.2	116.3	7.8	18	4.8	–10.9	4	13.0	24.2	high
Scana	26/9	17	14.3	16.0	98.0	11.9	5	8.3	2.4	19	5.7	14.0	average
Orange & Rockland	27/11	18	14.0	13.5	84.7	8.9	30	2.4	–6.7	22	4.0	–0.3	very high
CILCorp	37/18	19	13.8	14.7	84.9	10.0	31	1.6	–4.7	23	3.7	5.8	high
Washington Gas Light	●/●	20	13.6	11.8	63.2	5.4	19	4.7	–6.4	12	8.3	–2.3	high
Pub Svc Enterprise	29/12	21	13.4	9.6	91.7	8.2	14	5.1	–5.0	14	7.8	–29.1	very low
Public Service NM	35/12	22	13.2	10.0	73.4	17.2	3	16.9	2.4	28	–3.7	–19.4	average
Montana Power	15/9	23	13.2	7.2	72.5	8.8	11	6.1	1.2	29	–4.9	–65.5	very low
Louisville G&E	29/7	24	13.0	13.0	82.7	11.9	10	6.1	–3.6	17	6.7	6.0	average
DPL	26/10	25	12.7	16.8	122.4	14.0	22	4.2	–2.7	30	–6.1	98.8	very low
Public Service Colo	36/14	26	12.5	17.8	86.4	9.4	21	4.3	–1.5	26	0.0	80.1	very low
Midwest Energy	55/15	27	12.0	12.2	133.3	5.8	4	9.4	–0.9	21	4.2	–10.4	low
Wicor	72/74	28	11.9	8.6	61.7	2.9	6	7.2	–12.7	9	9.9	–23.9	average
Diversified Energies	82/PD	29	11.8	10.1	82.5	3.8	8	6.5	–23.8		NM	D-P	NM
Primark	●/●	30	11.2	11.2	64.6	3.6	34	0.1	–16.6	1	27.9	–2.3	very high
Atlanta Gas Light	●/●	31	10.8	12.2	85.8	4.0	16	4.8	–2.5	5	11.3	22.5	average
Entex	●/NA	32	10.0	def	271.4	def	36	–4.7	–3.3		NM	D-D	NM
No Indiana Pub Svc	46/7	33	6.1	4.7	113.5	4.9	32	1.5	–16.7		NM	D-P	NM
Eastern Gas & Fuel	41/●	34	4.5	3.4	52.8	1.9	33	0.2	–35.1		NM	–70.6	NM
CMS Energy	41/25	35	2.8	6.9	172.5	4.7	24	3.8	–9.8		NM	D-P	NM
UGI	61/86	36	2.7	11.3	58.4	6.0	37	–6.5	–5.9		NM	D-P	NM
Nicor	●/●	37	def	14.4	69.3	5.4	35	–2.2	–16.7		NM	D-P	NM
Medians			13.8	12.2	84.7	7.2		4.7	–4.7		5.7	1.7	
Integrated													
Equitable Resources	74/58	1	19.7%	8.9%	54.1%	9.1%	3	3.2%	–8.0%	2	7.6%	–37.7%	low
Questar	●/●	2	15.3	8.9	51.8	8.0	2	4.3	–14.0	3	7.3	–15.3	low
Consol Natural Gas	●/●	3	14.7	10.2	39.6	7.1	5	–0.4	–17.8	4	4.5	–12.9	low
Arkla	●/●	4	14.5	11.6	95.3	6.0	7	–4.8	36.1	5	–8.8	25.3	average
National Fuel Gas	●/●	5	14.1	10.5	74.6	4.9	4	0.3	–18.6	1	7.9	–14.9	average
Oneok	85/●	6	12.1	5.5	85.3	3.3	9	–5.6	–20.3	6	–11.4	–45.2	average
Pacific Lighting	59/●	7	10.9	14.5	70.2	4.4	1	8.4	–3.1	7	–18.1	78.0	average
KN Energy	●/●	8	10.5	0.1	80.1	0.7	8	–5.2	–10.5	8	–22.3	–93.3	high
Columbia Gas System	●/●	9	6.7	7.0	90.7	4.1	10	–5.9	–23.2		NM	31.7	NM
Enserch	45/88	10	5.2	2.6	95.9	1.3	6	–3.9	–5.9		NM	D-P	NM
Medians			13.1	8.9	77.3	4.6		–2.1	–12.2		–10.1	–13.9	
Industry medians			12.9	10.2	85.5	5.3		3.8	–6.5		–0.5	0.1	
All-industry medians			12.8	13.6	48.6	4.3		6.8	8.3		5.3	13.7	

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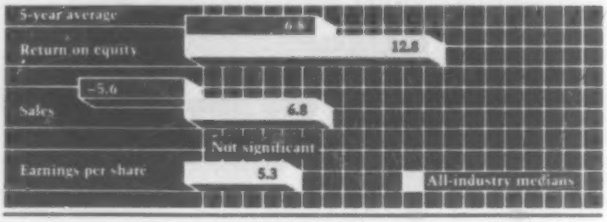
OIL

Well, at least the stuff isn't selling for $8 a barrel again.



By Toni Mack

THE BEST NEWS FOR THE OIL INDUSTRY last year was what didn't happen: a repeat of 1986's oil price crash. In a rare display of self-discipline, the 13-nation OPEC oil cartel held production down and prices up, to around $18 a barrel for much of the year. Lately, however, production has been climbing and prices have been slipping. That could mean plenty of tumult ahead in 1988, though a replay of 1986's crash to $8 per barrel still looks remote.

Yet market stability hardly meant renewed profits. For the first nine months of 1987, Exxon's refining and marketing profits dropped 93%, to $115 million, as a result of high gasoline inventories, which kept margins under pressure. Continuing overcapacity also hurt. Unless companies rein in their inventories or the Sunday drive in the country becomes a national obsession, don't expect 1988 to be much better. A rapid tumble in crude oil prices, though, would probably help widen gasoline and other product margins.

By contrast, petrochemicals were a bright spot. At Chevron, nine-month profits more than doubled, to $181 million. "Demand is rising at 1.5 times GNP growth, and supply isn't growing at all," notes Theodore Eck, Amoco's vice president and chief economist. "Unless we have a recession, 1988 ought to be a great year, too."

Oil companies are still buying reserves—witness Amoco's $4.2 billion offer for Dome Petroleum—but they're also drilling more. The oil service company Baker Hughes Inc. forecasts an average worldwide rig count of 2,320 this year, up 10.5% over 1987. But Baker Hughes Vice President Isaac Kerridge warns that a steep oil price drop could lead oil companies to cut back their drilling plans.

Renewed drilling will provide needed relief to oil service companies, which have been reeling from the Three Cs—cost-cutting, capacity shutdowns and consolidations. At Baker Hughes, created when Baker International merged with

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
International oils													
Exxon	89/86	1	17.6%	15.0%	14.1%	6.5%	6	–6.9%	–3.5%	1	5.1%	–14.2%	average
Amoco	86/74	2	14.9	10.1	27.6	6.0	7	–7.2	–6.8	3	–9.2	19.1	low
Phillips Petroleum	82/71	3	11.6	def	294.8	0.1	5	–6.7	–10.5	5	–10.0	P-D	average
EI du Pont de Nemours	37/20	4	10.6	12.7	22.5	5.8	1	3.5	4.3	2	3.8	6.4	very low
Chevron	•/86	5	9.8	4.5	43.1	2.9	3	–5.3	–14.2	6	–15.0	–49.9	average
Mobil	83/•	6	9.3	7.1	49.0	2.2	4	–5.5	–1.8	4	–9.5	–34.1	average
Texaco	•/•	7	6.9	2.9	59.0	1.2	8	–7.9	–9.1	7	–17.6	–59.4	average
Occidental Petroleum	20/36	8	6.0	3.3	114.4	1.2	2	–1.9	12.9	8	–19.9	18.6	low
Medians			**10.2**	**5.8**	**46.1**	**2.5**		**–6.1**	**–5.1**		**–9.7**	**–24.2**	
Other oil and gas													
Holly Corp	•/•	1	25.5%	4.8%	110.0%	0.4%	20	–5.1%	–19.2%	1	49.0%	–92.1%	high
Equitable Resources	26/42	2	19.7	8.9	54.1	9.1	4	3.2	–8.0	3	7.6	–37.7	low
Witco	53/59	3	15.4	13.9	49.5	4.8	6	1.8	0.6	2	13.1	0.7	high
Coastal Corp	49/DP	4	14.6	23.7	381.1	2.0	3	3.9	6.4	6	–0.9‡	500.0+	very low
Mapco	80/64	5	14.4	12.3	77.9	3.9	19	–5.0	–8.5	4	5.8	–33.1	very low
Getty Petroleum	•/•	6	13.8	11.3	133.1	0.8	1	43.9	–4.9		NM	–61.6	NM
Quaker State Oil	76/73	7	13.4	def	20.2	def	10	0.2	–8.7	5	5.5	P-D	low
Unocal	84/80	8	12.8	11.9	257.1	2.5	17	–4.6	–4.1	10	–19.1	500.0+	high
Union Texas	•/•	9	12.0††	NE	352.1	1.2	29	–9.8‡	[illegible]		NM	D-D	NM
Pennzoil	86/64	10	11.3	7.6	161.7	4.1	21	–5.7	–12.8	11	–19.9	D-P	very high

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Offshore treasure seeker

The best innovation creates new business. At Cameron Iron Works—a misleadingly low-tech name for a highly sophisticated outfit—Chairman Philip Burguieres has aggressively pursued technology that allows development of offshore oil and gas that would otherwise lie untapped at today's low prices.

The technology is known as "subsea well completion." It puts production equipment for offshore wells directly on or below the sea floor, rather than atop the massive steel platforms that have traditionally been used. In the deeper waters where more and more oil is being found, subsea completion is far more economical.

Cameron isn't the only subsea pioneer. But Burguieres (rhymes with "pure air"), trading on Cameron's superb reputation in pressure-control equipment, has made the technology the centerpiece of Cameron's growth for the 1990s and beyond. This is the sort of bold move that can give a well-managed, second-tier company a much faster growth rate than its far larger peers if it pays off, and the 44-year-old, Louisiana-born Burguieres is willing to make the bet. Says he, "We've geared the whole company to take advantage of this." He expects subsea work to account for 30% to 40% of Cameron's revenues by 1992.

Long the industry leader in certain wellhead gadgets, Cameron has been adapting them, and creating new equipment, for subsea use. Analysts expect it to turn profitable later this year, but for the last five years, when Cameron's losses totaled $277 million, Burguieres kept research spending, much of it on subsea work, at $15.5 million to $19 million yearly anyway. In today's market, to the innovator will go the spoils.

Robbie McClaran

Philip Burguieres of Cameron Iron Works

OIL

Hughes Tool in April, Chief Executive James Woods figures he will have cut costs a net $85 million and turned the company profitable by the end of March.

Overall, service companies are operating at as little as 50% of capacity, and since they can handle increased business with minimal added cost, even a small upturn has a disproportionate effect on profits. "Virtually every company in the industry is improving," says analyst James Crandell of Salomon Brothers. Halliburton, Schlumberger and Dresser Industries are already turning profitable. Look for further industry consolidations this year, though probably not on the scale of the Baker Hughes deal.

Two battlefronts the industry will be watching closely: the fight with environmentalists to gain access to the Arctic National Wildlife Refuge—which may contain billions of barrels of oil—and a move afoot in the U.S. Congress to repeal the Windfall Profit Tax. Repeal would not help profits now, but it would at oil prices of $22 and above. ■

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Freeport-McMoRan	24/●	11	10.9%	32.4%	48.8%	22.6%	15	–3.5%	40.8%	9	–18.9%	500+%	average
Mitchell Energy	31/44	12	10.8	1.0	156.0	1.0	28	–9.2	–24.3	12	–35.3	–81.8	very high
Atlantic Richfield	87/89	13	9.8	18.0	112.9	6.2	32	–10.6	–4.3		NM	41.3	NM
Pacific Resources	●/●	14	9.7	1.5	78.1	0.7	14	–3.0	–3.0		NM	–90.3	NM
Sun Company	86/79	15	9.7	6.4	32.7	4.1	26	–7.5	–27.3	8	–11.4	–53.5	average
Cabot	41/31	16	8.0	6.7	43.8	2.8	16	–3.7	8.7		NM	–44.5	NM
Tenneco	22/13	17	7.5	def	132.8	0.1	11	–0.6	–4.3		NM	D-D	NM
Louisiana Land	●/●	18	7.0	def	90.4	def	25	–6.7	–15.1		NM	D-D	NM
Ashland Oil	58/69	19	6.7	14.3	74.1	1.9	18	–4.8	–1.7		NM	–30.6	NM
Murphy Oil	●/●	20	6.6	def	24.0	def	31	–10.1	–11.9		NM	P-D	NM
National Distillers	36/43	21	6.4	22.9	61.5	9.5	7	1.7	16.6	7	–8.2	200.0	low
Union Pacific	38/●	22	5.6	15.0	67.6	10.2	5	2.8	–19.4		NM	D-P	NM
American Petrofina	78/●	23	4.4	11.5	45.7	3.2	13	–2.8	8.2		NM	D-P	NM
Kerr-McGee	72/●	24	3.0	5.7	44.2	3.0	24	–6.7	–10.2		NM	D-P	NM
DeKalb	18/53	25	1.8	5.3	47.0	4.6	22	–6.2	–13.2		NM	D-P	NM
Valero Energy	56/●	26	1.5	1.9	58.7	1.8	8	1.0	–57.1		NM	D-P	NM
PS Group	●/NA	27	1.0	22.5	88.1	10.3	2	16.4	–46.8		NM	500+	NM
Amerada Hess	●/●	28	0.3	11.9	47.0	5.6	33	–12.1	–13.4		NM	D-P	NM
Crown Central Petroleum	76/●	29	def	def	56.8	def	23	–6.4	–14.4		NM	D-D	NM
USX	55/PD	30	def	def	114.1	def	9	0.3	–22.5		NM	D-D	NM
Tesoro Petroleum	●/23	31	def	def	55.0	def	30	–10.0	–10.4		NM	D-D	NM
National Intergroup	46/66	32	def	def	62.1	def	12	–1.3	15.8		NM	D-D	NM
Charter	●/89	33	def††	119.8	253.5	3.7	35	–26.2	–21.3		NM	D-P	NM
Diamond Shamrock R&M	●/●		NA	16.6	145.9	2.3	27	–9.2‡‡	–11.7		NA	NA	NA
Maxus Energy	●/●		NA	def	128.7	def		NA	NA		NA	NA	NA
Tosco	●/●		NA	def	130.9	def	34	25.2	8.6		NM	D-D	NA
Medians			7.5	6.5	76.0	2.2		–4.8	–10.2		NM	–35.4	
Oilfield services													
Schlumberger	58/10	1	9.5%	def	10.9%	def	2	–3.0%	–23.5%		NM	D-D	NM
Halliburton	62/●	2	3.3	0.9%	9.5	0.6%	8	–14.9	–18.1		NM	D-P	NM
McDermott Intl	26/●	3	1.7	def	77.2	def	4	–6.3	2.0		NM	P-D	NM
Dresser Industries	62/31	4	0.8	def	17.0	def	3	–3.2	–18.8		NM	D-D	NM
Cameron Iron Works	66/68	5	0.1	def	32.2	def	7	–13.0	–22.6		NM	D-D	NM
Zapata	53/23	6	def	def	97.7	def	9	–14.9	–37.0		NM	D-D	NM
NL Industries	36/DP	7	def	def	34.5	def	6	–12.3	–3.6		NM	D-D	NM
Baker Hughes	●/●	8	def†	def	61.0	def	5	–7.3‡	–30.2		NM	D-D	NM
Smith International	●/●	9	def	def	102.3	def	10	–17.0	–46.3		NM	D-D	NM
Western Co No Amer	●/●	10	def	NE	NE	def	11	–19.0	–45.4		NM	D-D	NM
Gearhart Industries	●/●	11	def	NE	NE	def	1	9.1	–46.2		NM	D-D	NM
Medians			def	def	32.2	def		–12.3	–23.5		NM	NM	
Industry medians			6.8	3.3	61.0	1.2		–5.6	–10.4		NM	–53.5	
All-industry medians			12.8	13.6	48.6	4.3		6.8	8.3		5.3	13.9	

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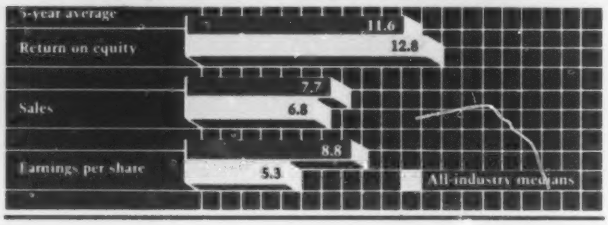
PACKAGING

Glass for some, metal for others, but almost everyone wanted a piece of plastic.



By Kathy Murray

THE PACKAGING INDUSTRY was like a game of gin rummy in 1987 as players swapped, drew and discarded glass, metal and plastics businesses, each certain that its combination would make it the packaging leader of the future. Sales rose along the way, but margins for most firms remained fairly flat. Meanwhile, merger activity pushed stocks to new highs, helping many outperform the market. Similarly, the swapping set helped push the industry median return on equity up 10% over the last year's 13.1%. The most active in the game were glassmakers. Shipments were up slightly for the second year in a row as consumers continued to show a clear preference for glass containers for drinks of all

		Profitability					**Growth**							
		Return on equity					**Sales**			**Earnings per share**				
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Anchor Glass	●/●	1	166.6%††	34.7%	90.8%	2.9%	7	15.6%	11.7%		NA	–15.8%	NM
Jefferson Smurfit	69/36	2	22.5	49.5	123.6	6.7	6	17.7	14.2	4	18.1%	218.8	high
James River Corp Va	30/22	3	19.5	11.2	67.7	3.7	3	39.0	50.6	5	17.7	8.7	average
Fort Howard	NA/NA	4	19.2	12.4	30.7	8.7	4	30.4	16.2	12	8.8	–9.4	high
Ball Corp	74/79	5	17.3	17.4	21.5	6.0	14	6.4	1.8	10	13.1	8.7	very high
Avery International	**37/42**	**6**	17.1	19.0	40.6	3.9	**10**	11.5	33.8	**9**	13.1	38.6	very high
Sonoco Products	**81/62**	**7**	16.9	23.7	44.1	5.4	**8**	13.6	25.9	**11**	11.0	49.4	high
Triangle Industries	**●/●**	**8**	16.0	13.5	208.5	2.2	**1**	58.3	75.6		NM	–39.1	NM
Pittway	**31/35**	**9**	13.3	10.3	6.1	4.6	**11**	8.7	8.3	**15**	–0.9	–4.6	very low
Standard Shares	**33/35**	**10**	13.2	17.9	18.4	4.2	**12**	8.2	5.8	**13**	4.4	58.1	very low
Bemis	66/55	11	11.8	14.2	46.5	3.3	18	4.3	9.1	6	16.5	21.5	average
Crown Cork & Seal	●/●	12	11.8	14.5	4.0	5.2	20	3.4	5.1	7	15.3	15.9	high
Temple-Inland	56/39	13	11.5††	14.4	33.1	8.7	19	3.5	26.6	8	14.2‡‡	79.9	low
Federal Paper Board	22/8	14	11.4	19.1	68.5	6.2	9	13.4	12.7	19	–6.5	127.4	very low
Union Camp	31/6	15	11.1	15.5	44.7	8.6	16	5.2	13.3	18	–5.1	97.0	low
Longview Fibre	**51/12**	**16**	9.7	26.5	50.8	11.1	**15**	5.9	19.6	**1**	38.5	117.1	high
Constar Intl	**●/88**	**17**	8.1	9.3	108.5	1.8	**23**	–1.3	–19.9	**14**	0.4‡‡	–34.1	very low
Chesapeake	**24/18**	**18**	7.3	10.4	119.0	3.3	**5**	18.4	15.0	**17**	–2.5	142.6	very low
Brockway Inc (NY)	**●/●**	**19**	6.3	15.4	28.9	3.5	**13**	7.2	0.8	**3**	19.7	27.2	very low
Stone Container	**71/NA**	**20**	6.2	30.9	181.3	4.4	**2**	40.1	62.4		NM	500.0+	NM
Mead	29/23	21	5.5	13.6	69.9	3.5	22	2.1	39.3	16	–2.0‡‡	60.5	very low
International Paper	42/33	22	5.2	13.5	42.2	5.1	21	2.7	62.3	20	–11.8	131.8	low
Boise Cascade	32/20	23	4.6	10.1	61.8	4.2	17	5.2	2.2	2	20.0	80.3	very low
Kerr Glass Mfg	●/●	24	def	3.8	104.5	1.1	24	–15.4	–0.5		NM	D-P	NM
Industry medians			**11.6**	**14.4**	**48.6**	**4.3**		**7.7**	**13.7**		**8.8**	**53.7**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 55.

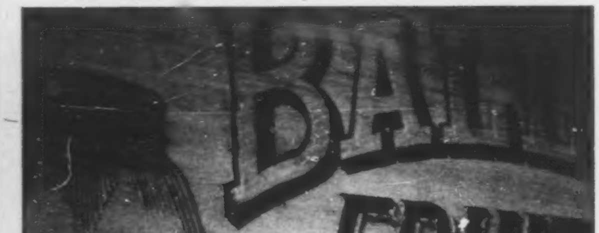
sorts, particularly fruit juices. Although continued lightweighting and downsizing of bottles could mean lower prices in the future, analysts expect demand to hold relatively steady through 1990.

To capitalize on the trend, Anchor Glass Container—only five years ago a discarded underperformer of Anchor Hocking—paid $195 million in cash to acquire Diamond-Bathurst in August, netting it a 25% share of the U.S. glass market and bringing it even with first-place Owens-Illinois. While the acquisition saddled Anchor with $360 million in debt (84% of equity), the company expects to pick up customers as other players drop out, and improve profit performance in 1988 through capacity reductions and other cost-cutting. Not to be outdone, Owens-Illinois, which was taken private by Kohlberg Kravis Roberts & Co. in March, reached for Brockway, Inc. Antitrust questions have stalled the takeover, but probably not for long. If approved, the acquisition will allow Owens-Illinois to reclaim its lead with a 35% chunk of the U.S. glass business. Profits may be squeezed short term, but streamlining and capacity reductions should help the company, and the industry, in the future.

Metal container companies similarly maneuvered for market share. After missing out on chances to buy Diamond-Bathurst and Brockway, ever-insatiable Triangle Industries added plastics makers Guardian Packaging and Ludlow Corp. to its $4.2 billion packaging empire. If a $1.6 billion debt load or some other financial flip doesn't break the back of this monster, steady demand and overseas expansion could boost earnings per share by 14% this year. On a smaller scale, Crown Cork & Seal Co. expanded its canning operations by opening two new plants, though it closed its Baltimore bottle cap plant.

On the face of it, plastics looks to be the least attractive of any packaging product, burdened as it is with environmentalists' concerns as well as pricing uncertainties about petroleum, the key ingredient. Yet most major players hedged their bets in other products by keeping a finger in the plastics market. Why? Competitiveness means meeting customer needs. Explains Richard Palm of Merrill Lynch, "Plastic containers are able to do more jobs." During 1987 Ball Corp. and Triangle Industries pushed squeezable ketchup bottles, while Constar International (formerly Dorsey Corp.) relaunched its plastic can line. Even former paper packager Sonoco Products got into the act, shelling out $183 million for Boise Cascade's consumer packaging group to cash in on plastic motor oil bottles and other types of plastic packaging. ■

Bet hedger



Steve Kagan

Richard Ringoen of Ball Corp.

Many of his competitors spent 1987 deciding what kind of packaging business they wanted to become. But Richard Ringoen, 61, chairman and chief executive of Ball Corp., had to figure out what kind of business he wanted to remain. His answer is one of the cleverest hedges of the year: Ball will continue with a strong tie to its roots in glass container packaging but let others pay the capital costs, as well as absorb any losses, if the gamble doesn't work out.

Ball Corp. has always been primarily a packaging business, deriving 74% of its $1 billion revenues from container sales. About 20% comes from glass, a business that began with canning jars well over 100 years ago. But while glass has shown slight gains in recent years, that was not acceptable to Ringoen. Moreover, consolidation was changing the industry. Ball clearly had to become bigger or get out of the business. "My feeling was that this was the whole foundation of the company and we'd better not play too loose here," he says.

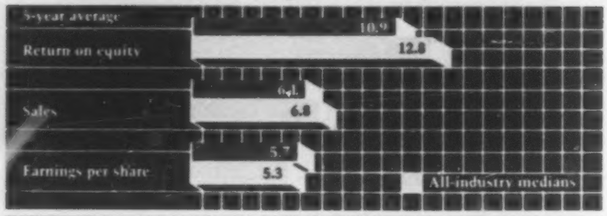
Ringoen's have-it-both-ways solution: a spinoff of Ball's glass container operations in an unusual and imaginative 50-50 joint venture deal with a Netherlands-based firm, Thyssen-Bornemisza Group (TBG). The deal gives Ball an opportunity to remain in the glass packaging business as a major player while limiting its risk in the event that glass starts to slide.

To pull off the joint venture, the first ever in the glass industry, Ball swapped its $200 million (sales) glass business for a 50% interest in the new $550 million company, Ball-Incon Glass Packaging, now the third-largest glass container manufacturer in the industry. But unlike other packagers—Anchor Glass and Triangle among them—that leveraged their companies heavily to become major players, Ball retains a low debt load of 21.5% of equity, less than half the industry median.

If the joint venture succeeds, Ball's shareholders should benefit handsomely. If the venture fails, the shareholders should hardly notice.

PAPER

Suddenly the business has become a license to print money.



By Kathleen K. Wiegner

NOT SINCE THE EARLY 1970s has this industry enjoyed the prosperity that a weak dollar and low inflation brought papermakers in 1987. Industry earnings were up an average of 50% over 1986 levels, the steepest rise in more than a decade, while median return on equity rose 44% from a year earlier.

The major factor in all this was the weak dollar, which allowed U.S. producers to raise prices yet still compete in foreign markets. Low inflation held raw material costs down. What's more, company margins benefited from cost-cutting measures undertaken over the last three years.

For much of this decade, printing and writing grades of paper have been better earners than commodity grades. Not last year. Makers of export-oriented commodity paper products like linerboard, market pulp and bleached board were the major beneficiaries of the weak dollar. Export pulp prices hit alltime highs last year, rising 53% over 1985 levels. Companies like Weyerhaeuser, International Paper, Great Northern Nekoosa and Federal Paper Board all benefited. By contrast, higher prices hurt big buyers of pulp like Pentair, which relies on outsiders for most pulp requirements, and James River.

Nearly all paper stocks suffered in the wake of the October

Tiger in paper

One reason U.S. international accounts are a mess is that too many American businessmen are more comfortable doing business at home than abroad. Not Philip Lippincott, chief executive of Scott Paper Co., the world's largest manufacturer and marketer of consumer tissue products—everything from facial tissues and toilet paper to Viva brand paper towels.

Scott's rivals for years have mouthed platitudes about marketing to the world but have actually done little. Lippincott meanwhile keeps grabbing more and more business out from under their noses—helping both his shareholders and the U.S. economy in the process. His latest move came last autumn when Lippincott announced plans to spend more than $250 million over the next three years to expand operations in Western Europe, Scott's biggest investment to date there. Lippincott plans to add new capacity and to upgrade manufacturing facilities in France, Italy and Spain. Why Europe? Because that's where the opportunity is. The average American currently uses 42 pounds of tissue products annually, Europeans only 15 pounds. Scott is already the dominant tissue products company in Western Europe, with $750 million in 1986 sales. Lippincott figures his company's European sales could reach $1 billion before 1990.

"Between 1986 and 1991 Europe will need to add 300,000 more tons of capacity to meet growth in demand," says Lippincott. "That's five paper machines, and we expect to have three of them. We expect to take 60% of the market growth. Europe is our number one growth opportunity," he predicts.

Scott Paper's Philip Lippincott

crash, as fears of recession took their toll on this commodity business. Hardest hit have been highly leveraged companies like Stone Container, which has seen its stock fall 39% from its peak, and Great Northern, down 33%. If interest rates take off in 1988, these stocks could suffer even more.

But unless the economy itself crumples, earnings for the industry as a whole should continue to grow. More paper grades will do well than last year. Newspaper and magazine coverage of the Olympics and the presidential elections will help makers of newsprint and the coated papers used by magazines. Prices for uncoated free sheet (paper used in computers and copiers) were held down by the addition of new capacity in 1986. But prices this year should rise by at least 5%. Among other companies, this would benefit Union Camp Corp., which has made big investments in this product, Boise Cascade and International Paper.

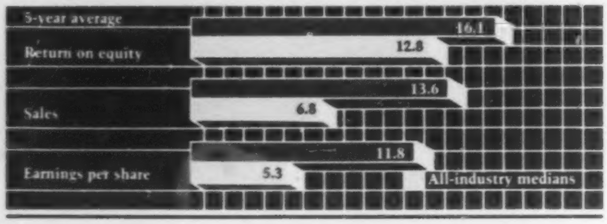
With paper companies suddenly awash in free cash, the question of what to do with that money will be critical. Companies will probably try to invest it quickly either in new capacity or in acquisitions to fend off raiders. But expect more consolidation. Mead Co. last year was rumored to be a takeover candidate. And James Goldsmith, who has taken over two paper companies, is said to be interested in International Paper or Champion International. ■

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Jefferson Smurfit	31/64	1	22.5%	49.5%	123.6%	6.7%	6	17.7%	14.2%	5	18.1%	218.8%	high
James River Corp Va	70/78	2	19.5	11.2	67.7	3.7	2	39.0	50.6	7	17.7	8.7	average
Fort Howard	NA/NA	3	19.2	12.4	30.7	8.7	3	30.4	16.2	10	8.8	–9.4	high
Consolidated Papers	●/●	4	18.5	15.0	0.0	11.6	13	6.1	8.0	6	17.9	–13.5	high
Pentair	61/45	5	17.0	9.8	44.3	2.0	4	24.6	40.0	11	8.2	5.8	low
Bowater	●/●	6	15.3	11.7	46.9	5.7	22	3.3	26.5	20	–8.0	14.0	low
Kimberly-Clark	20/28	7	15.0	19.8	29.2	6.5	9	9.2	11.9	12	6.6	46.8	high
Media General	27/60	8	13.2	def	61.1	3.3	8	11.2	13.3	21	–8.0	P-D	low
Dennison Mfg	55/46	9	12.0	15.6	40.9	5.1	20	4.5	4.0	22	–9.6	188.8	very low
Federal Paper Board	66/83	10	11.4	19.1	68.5	6.2	7	13.4	12.7	18	–6.5	127.4	very low
Union Camp	51/88	11	11.1	15.5	44.7	8.6	18	5.2	13.3	17	–5.1	97.0	low
Scott Paper	27/36	12	11.1	15.5	90.5	5.5	10	8.9	22.3	8	17.5	17.9	average
Westvaco	●/●	13	10.9	13.5	41.6	7.7	21	4.3	10.6	14	5.0	35.0	very low
Willamette Inds	65/72	14	10.6	20.9	50.5	8.0	17	5.3	18.6	1	45.6	76.5	high
Longview Fibre	37/55	15	9.7	26.5	50.8	11.1	14	5.9	19.6	2	38.5	117.1	high
Gt Northern Nekoosa	●/●	16	9.3	20.3	91.0	7.7	11	7.9	17.9	19	–6.7	262.2	very low
Chesapeake	61/79	17	7.3	10.4	119.0	3.3	5	18.4	15.0	16	–2.5	142.6	very low
Potlatch	68/NA	18	7.2	18.3	58.4	8.4	23	3.0	2.3	9	16.1	94.2	low
Georgia-Pacific	31/21	19	6.4	16.9	40.6	5.3	12	6.3	16.0	4	20.0	76.9	average
Stone Container	26/NA	20	6.2	30.9	181.3	4.4	1	40.1	62.4		NM	500.0+	NM
Weyerhaeuser	41/43	21	6.1	13.0	41.6	6.2	16	5.6	22.4	13	5.7	81.1	low
Mead	69/76	22	5.5	13.6	69.9	3.5	25	2.1	39.3	15	–2.0‡‡	60.5	very low
International Paper	34/43	23	5.2	13.5	42.2	5.1	24	2.7	62.3	23	–11.8	131.8	low
Boise Cascade	41/55	24	4.6	10.1	61.8	4.2	19	5.2	2.2	3	20.0	80.3	very low
Champion Intl	76/79	25	3.8	14.0	64.2	8.1	15	5.7	–0.2		NM	119.3	NM
Industry medians			**10.9**	**15.0**	**50.8**	**6.2**		**6.1**	**16.0**		**5.7**	**80.3**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

RETAILING

Be thankful for small favors.



By Jeffrey A. Trachtenberg

IT WAS HARDLY A BANNER YEAR for this industry, as sales grew by only an estimated 6% in dollar terms. But the mere fact that there were increases at all is remarkable. Between January and midyear, debt-burdened consumers added $27 billion to their already heavy load, pushing the total consumer debt of the nation, not including mortgages, to $606 billion, the highest level in history. Much of that $27 billion went to keep cash registers ringing at many of the companies on this list.

With profits squeezed and many stocks overpriced, the takeover action of previous years all but disappeared. Beyond Carter Hawley Hale's recapitalization of $1.1 billion, and the spinoff of its Neiman-Marcus, Contempo Casuals and Bergdorf Goodman divisions, retailers did little wheeling and dealing. Says Walter Loeb, retail analyst with Morgan Stanley: "Evaluations were just too high to be attractive."

If consumers prove unwilling, or unable, to keep spending in 1988, this industry could be in for some real trouble. Harbingers abound. The Gap, for example, saw its stock slip 20 points in a week last September, owing in part to lowered earnings estimates. Also, as of mid-November, the Gap's total inventories were still $100 million higher than a year earlier. Biggest problem remains the Banana Republic division. Its "safari" motif has become old hat, and management is floundering for a replacement image. Latest idea—a general "travel" theme—looks like a classic case of stuck-in-a-rut thinking.

If consumer spending does slow, well-managed chains like Wal-Mart, Toys "R" Us, Tandy, the Limited and Nordstrom stand to gain market share on weaker rivals. "In boom times, everybody looks good," says James Posner, a retail consultant. "In bad times, the differences will be more stark." Margins will be squeezed for everyone, as well-capitalized biggies start cutting prices to move goods off shelves and

Bicoastal obsession

In 1987 this family-built and -managed firm emerged as the first West Coast apparel retailer with the ability to become a nationwide trendsetter. Indeed, Nordstrom appears poised to parlay its management skills into a company that may one day be as well known as Bloomingdale's and Saks Fifth Avenue. Since 1980 Seattle-based Nordstrom, Inc. has grown from sales of $346 million to an estimated $1.9 billion this year, while net earnings have more than quadrupled, to a projected $91 million. Growth has come from an obsession with serving the customer. The first lesson it teaches new employees is the value of polite service and a smile.

As if the idea of courteous salespeople were not itself an innovation, Nordstrom in 1987 invested in a transcontinental beachhead 3,000 miles away in Virginia. Whenever West Coast regional retailers have looked at such moves in the past, the costs and long-distance management difficulties have made the idea seem too risky. But Nordstrom is willing to bet that the company's obsession with customer service can make its stores stand out in the push-and-shove world of East Coast department store shopping.

Chris Covatta/Orange County Register

Bruce Nordstrom of Nordstrom

Thus, in March Nordstrom will open a behemoth store (205,000 square feet) filled with clothing, accessories and a few gift items in Tysons Corner, Va., not far from Washington. That opening is to be followed in 1989 by yet another store in Arlington, Va., less than ten miles away. "The two East Coast stores are a beachhead for further development," says Bruce Nordstrom, 54, cochairman since 1977. "There's no city in America without competition. We want to go to the best markets, wherever they are."

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Apparel													
Limited	●/●	1	49.3%	20.7%	42.5%	7.4%	1	51.6%	18.7%	1	55.9%	29.5%	very high
Charming Shoppes	●/●	2	31.0	31.2	1.2	8.1	2	29.6	30.1	2	28.7	7.1	very high
Gap	●/●	3	25.1	37.2	5.1	8.3	6	14.6	27.6	3	27.3	63.2	average
Melville	33/32	4	22.8	20.4	4.5	4.6	7	13.7	10.2	7	11.2	11.0	very high
Petrie Stores	●/●	5	18.9	14.0	91.3	5.8	5	20.9	8.3	8	10.0	–10.9	high
Nordstrom	●/●	6	18.7	24.6	27.2	4.7	3	26.3	19.0	5	18.5	28.0	very high
Zayre	26/47	7	17.8	24.6	68.5	2.7	4	23.8	23.6	4	23.0	93.0	very high
US Shoe	61/52	8	15.2	8.3	27.2	1.9	8	13.6	9.0	11	–11.7	–4.2	low
Edison Bros Stores	37/45	9	15.1	5.2	32.2	1.3	11	3.9	3.8	10	–2.9	–56.9	very low
Hartmarx	54/DP	10	12.8	9.9	19.8	3.4	9	6.4	–1.4	9	0.6	22.4	very low
Phillips-Van Heusen	26/29	11	12.2	26.4	35.0	5.3	10	4.7	–12.8	6	18.4	142.4	high
Medians			**18.7**	**20.7**	**27.2**	**4.7**		**14.6**	**10.2**		**18.4**	**22.4**	
Catalog showrooms													
Spiegel	●/●	1	16.0%†	31.9%	157.9%	4.0%	2	19.5%‡	6.6%	1	46.2%‡	55.9%	average
Service Merchandise	●/●	2	9.8	def	262.5	def	1	21.7	10.1		NM	D-D	NM
Best Products	●/●	3	4.2	def	111.5	def	3	13.4	–6.9		NM	D-D	NM
Medians			**9.8**	**def**	**157.9**	**def**		**19.5**	**6.6**		**NM**	**NM**	
Department stores													
Dillard Dept Stores	●/●	1	21.8%	14.0%	57.5%	4.0%	1	27.6%	15.4%	1	29.6%	5.2%	very high
Mercantile Stores	●/●	2	17.1	15.7	25.3	5.8	7	9.6	7.2	5	13.5	11.6	very high
May Dept Stores	63/64	3	15.2	16.2	44.5	4.0	5	11.5	4.7	4	13.6	20.0	very high
Strawbridge	●/●	4	14.4	13.2	102.8	2.9	4	12.2	9.5	2	18.5	0.5	high
Federated Dept Strs	66/88	5	12.9	11.5	29.3	2.8	8	8.5	6.9	8	4.0	12.5	low
Sears, Roebuck	67/48	6	12.6	12.7	71.8	3.4	6	10.3	9.2	6	11.8	17.4	average
JC Penney	●/NA	7	12.6	13.7	56.4	3.6	9	5.1	6.5	9	3.3	23.2	low
Carson Pirie Scott	●/●	8	10.0	def	54.3	def	3	14.7	–26.3	7	6.7	P-D	very low
Mobil	11/4	9	9.3	7.1	49.0	2.2	13	–5.5	–1.8	11	–9.5	–34.1	average
Equitable of Iowa	46/25	10	8.7	7.3	8.5	3.8	12	–0.2	9.4	3	16.2	–49.8	average
Alexander's	●/●	11	6.2	1.6	52.9	0.3	11	0.2	0.5	10	–2.9‡	–54.2	very low
Carter Hawley Hale	●/●		NA	NA	NE	def	10	1.8	NA		NM	NA	NA
Neiman-Marcus Group	●/●		NA	NA	30.2	def	2	17.0‡	NA		NA	NA	NA
Medians			**12.6**	**12.7**	**49.0**	**2.9**		**9.6**	**6.9**		**9.3**	**5.2**	
Discount and variety													
Wal-Mart Stores	●/●	1	35.5%	33.2%	53.3%	3.8%	3	37.2%	36.1%	1	37.9%	41.1%	very high
Family Dollar Stores	●/●	2	28.5	17.6	0.0	4.4	5	23.0	14.9	3	29.8	–18.9	NM
Fred Meyer	66/NA	3	22.7†	14.1	55.2	1.6	11	11.8‡	6.2	2	32.7‡	3.4	high
Ames Dept Stores	●/●	4	20.2	6.1	35.4	1.2	2	41.1	11.6	7	15.4	–43.4	average
Dollar General	●/●	5	18.9	3.5	–70.8	0.6	6	20.7	4.3	13	–2.5	–60.0	very low
Zayre	57/58	6	17.8	24.6	68.5	2.7	4	23.8	23.6	4	23.0	93.0	very high
Rose's Stores	●/●	7	17.4	13.5	41.2	1.9	8	15.0	14.4	6	20.3	–9.8	high
Dayton-Hudson	78/72	8	17.2	14.2	69.1	3.1	9	14.0	7.1	9	13.1	10.0	very high
Stop & Shop Cos	48/51	9	17.1	8.5	81.6	0.9	10	13.4	7.2	12	–2.0	–14.3	very low
Jamesway	●/●	10	15.6	11.4	77.4	1.9	7	15.7	17.6	10	12.7	25.9	low
May Dept Stores	28/18	11	15.2	16.2	44.5	4.0	12	11.5	4.7	8	13.6	20.0	very high
K mart	●/●	12	13.8	20.6	62.0	2.7	13	8.4	6.2	11	12.7	160.7	low
FW Woolworth	65/48	13	6.6	16.0	22.5	3.4	15	–0.1	9.5	5	20.8‡‡	14.6	NM
Ross Stores	●/●	14	2.8†	def	104.2	def	1	90.3‡‡	25.6		NM	P-D	NM
Hills Dept Stores	●/●		NA	NE	NE	2.2	14	4.4‡	1.8		NA	NA	NA
Medians			**17.3**	**14.1**	**55.2**	**2.2**		**15.0**	**9.5**		**14.5**	**6.7**	
Drugs													
American Stores	21/NA	1	25.9%	13.7%	89.4%	1.1%	2	17.6%	1.3%	2	16.8%	0.3%	average
Walgreen	●/●	2	22.7	18.7	26.5	2.4	3	15.9	17.0	1	18.2	0.6	very high
Rite Aid	●/●	3	22.6	28.9	29.7	6.4	5	9.7	24.1	3	11.7	85.4	high
Longs Drug Stores	●/●	4	16.2	14.3	0.0	2.5	4	10.2	10.4	5	5.0	13.3	high
Perry Drug Stores	75/NA	5	12.6	def	176.5	def	1	27.8	14.5	4	7.2	P-D	low
Pacific Lighting	25/19	6	10.9	14.5	70.2	4.4	6	8.4	–3.1	6	–18.1	78.0	average
Pay'n Save	●/●		NA	def	359.0	def		NA	NA		NA	NA	NA
Medians			**19.4**	**14.3**	**70.2**	**2.4**		**13.0**	**12.4**		**9.5**	**6.9**	

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howroom floors.

Who gets hurt worst if the customers cut back? History hows that low-end retailers almost always suffer the steepest sales declines as less affluent shoppers snap shut their wallets and purses. Thus, look for pressure on stocks such as Ross Stores and Ames Department Stores. By contrast, chains that cater to the carriage trade almost always experience milder setbacks. Thus, any list of stormy weather retailing stocks for 1988 would have to include Nordstrom and Carter Hawley Hale.

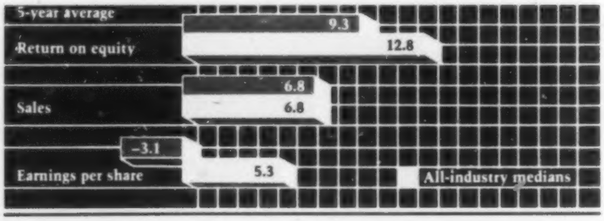
Meanwhile, all U.S. retailers can expect increased competition from foreign firms like France's $8-billion-plus (retail sales) Au Printemps department store chain, which in 1987 opened a sprawling, 95,000-square-foot Denver specialty store. Printemps plans to open nine more units in the U.S. in the next ten years. Marks & Spencer, through its M&S Canada subsidiary, now operates 3,000-square-foot D'Allairds stores in Syracuse, Albany, Poughkeepsie and Watertown, N.Y. Italy's ubiquitous Benetton chain (the bane of any parent of a teenage daughter) has licensed more than 700 stores nationwide since 1979. Britain's Laura Ashley chain has more than 135 outlets nationwide. With the exception of Marks & Spencer, which has always catered to the cost-conscious, all are skimming off affluent customers who would otherwise leave their money in stores like Bloomingdale's, Macy's and the Limited. ■

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Jewelry													
Jostens	45/NA	1	21.7%	31.9%	85.9%	7.5%	1	11.2%	2.1%	1	8.5%	29.0%	very high
Gordon Jewelry	●/DD	2	8.0	def	5.3	def	2	0.6	–20.6	2	–15.5	P-D	average
Medians			**14.9**	**12.1**	**45.6**	**1.3**		**5.9**	**–9.3**		**–3.5**	**NM**	
Shoes													
Melville	**29/33**	**1**	**22.8%**	**20.4%**	**4.5%**	**4.6%**	**1**	**13.7%**	**10.2%**	**2**	**11.2%**	**11.0%**	**very high**
Edison Bros Stores	**63/55**	**2**	**15.1**	**5.2**	**32.2**	**1.3**	**2**	**3.9**	**3.8**	**4**	**–2.9**	**–56.9**	**very low**
Brown Group	**44/NA**	**3**	**13.6**	**12.3**	**35.5**	**2.9**	**3**	**0.8**	**10.2**	**5**	**–5.7**	**51.3**	**low**
Interco	**25/24**	**4**	**8.8**	**9.4**	**13.6**	**4.2**	**5**	**–0.6**	**22.2**	**3**	**–2.4**	**13.9**	**very low**
FW Woolworth	**28/50**	**5**	**6.6**	**16.0**	**22.5**	**3.4**	**4**	**–0.1**	**9.5**	**1**	**20.8‡‡**	**14.6**	**very high**
Genesco	**47/32**	**6**	**def**	**24.0**	**64.6**	**4.1**	**6**	**–5.1**	**14.6**		**NM**	**D-P**	**NM**
Medians			**11.2**	**14.1**	**27.4**	**3.8**		**-0.4**	**9.9**		**–2.6**	**14.2**	
Miscellaneous													
Highland Superstores	●/●	1	64.4%	13.3%	53.8%	2.2%	6	39.3%	15.1%	3	57.2%	–38.5%	NM
Price Co	●/●	2	50.7	24.3	52.2	2.3	4	64.9	24.9	2	61.9	20.0	very high
Home Depot	●/●	3	40.4	23.5	10.5	3.2	3	81.0	43.0	4	27.5‡	114.3	average
Circuit City Stores	●/●	4	31.7	28.1	76.0	3.6	5	42.0	42.1	1	63.2	64.3	very high
Tandy	69/NA	5	27.4	19.5	14.1	7.4	14	12.2	13.4	12	4.2	30.9	very low
Toys "R" Us	**●/●**	**6**	**23.0**	**16.9**	**18.9**	**6.1**	**9**	**25.2**	**26.1**	**9**	**22.4**	**32.6**	**very high**
General Host	**68/DP**	**7**	**20.7**	**30.4**	**55.9**	**10.4**	**17**	**4.3**	**–4.2**	**14**	**–0.8**	**71.0**	**very low**
Hechinger	**●/●**	**8**	**19.3**	**17.1**	**108.6**	**5.3**	**10**	**23.8**	**23.2**	**7**	**23.1**	**33.7**	**very high**
Pep Boys	**●/●**	**9**	**18.9**	**29.7**	**46.6**	**6.3**	**13**	**15.2**	**18.5**	**10**	**16.0**	**140.4**	**very high**
Lowe's Cos	**●/●**	**10**	**17.7**	**10.8**	**28.8**	**2.4**	**12**	**22.1**	**7.6**	**6**	**23.1**	**–7.0**	**high**
Sherwin-Williams	65/41	11	17.6	22.5	20.2	6.5	20	1.8	–21.9	8	22.5	44.3	very high
Payless Cashways	●/●	12	17.4	11.2	32.3	2.4	8	27.9	14.3	11	9.0	–2.4	average
Intermark	80/89	13	13.7	3.7	499.3	0.5	7	30.3	10.4		NM	D-P	NM
Brown Group	25/24	14	13.6	12.3	35.5	2.9	21	0.8	10.2	15	–5.7	51.3	low
Scotty's	●/●	15	12.8	6.5	28.8	2.1	15	11.8	3.6	13	–0.3	–9.5	very low
Alberto-Culver	**32/18**	**16**	**7.4**	**15.3**	**31.1**	**3.5**	**16**	**9.9**	**0.0**	**16**	**–5.8**	**88.2**	**very low**
Primerica	**48/27**	**17**	**6.5**	**18.9**	**141.3**	**6.3**	**23**	**–7.0**	**–21.7**	**5**	**27.0‡‡**	**22.6**	**very high**
Businessland	**●/●**	**18**	**def†**	**11.8**	**90.6**	**1.7**	**2**	**237.4‡‡**	**44.2**		**NA**	**200.0**	**NM**
PACE Membership	**●/●**	**19**	**def†**	**0.7**	**56.9**	**0.1**	**1**	**242.8‡‡**	**74.7**		**NA**	**D-P**	**NM**
Grossman's	**●/●**	**20**	**def†**	**44.4**	**185.2**	**1.1**	**22**	**–5.1**	**–15.7**		**NM**	**D-P**	**NM**
Wickes Cos	56/43	21	def††	13.7	171.8	2.6	19	3.9	40.2	17	–44.6‡‡	114.8	average
Child World	●/●		NA	5.4	16.1	1.5	11	22.9	25.4		NA	0.0	NA
Costco Wholesale	●/●		NA	4.1	147.4	0.3		NA	83.7		NA	–6.7	NA
Home Shopping	●/●		NA	58.9	357.6	5.1		NA	263.5		NA	50.0	NA
Western Auto Supply	●/●		NA	500.0+	321.3	0.9	18	4.2	20.6		NA	NA	NA
Medians			**17.6**	**16.9**	**53.8**	**2.6**		**22.1**	**18.5**		**16.0**	**47.1**	
Industry medians			**16.1**	**14.0**	**52.5**	**2.7**		**13.6**	**10.1**		**11.8**	**14.6**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 65.

SURFACE TRANSPORTATION

In a cutthroat industry it was enough simply to survive.



By Jonathan Clements

DURING 1987 ONE PHRASE said it all—rate-slashing—and the result was earnings erosion for just about every company in this industry. Could it get worse in 1988? Yes for rails, maybe for trucks.

In 1988 Congress is likely to fiddle with the Staggers Act, which authorized the deregulation of the railroads in 1980. A new bill, which would push rail rates down further, is already

Yardsticks of management performance		**Profitability**					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	**% in —segment— sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Railroads													
Norfolk Southern	32/●	1	11.0%	8.5%	14.1%	3.5%	6	3.3%	–0.5%	2	–0.1%	–13.2%	very low
American Standard	27/26	2	10.5	14.6	35.9	3.6	3	6.8	4.9	3	–3.1	38.3	very low
Kansas City Southern	66/●	3	9.4	def	63.7	def	5	6.3	7.3		NM	P-D	NM
Burlington Northern	54/PD	4	8.0	9.5	79.6	5.3	2	14.0	–11.9		NM	D-P	NM
Santa Fe Southern	75/36	5	7.2	0.2	33.7	def	9	–1.0	–5.6		NM	–96.1	NM
CSX	75/66	6	7.0	8.2	67.0	5.3	4	6.8	14.8		NM	D-P	NM
Union Pacific	58/PD	7	5.6	15.[illegible]	67.6	10.2	7	2.8	–19.4		NM	D-P	NM
CNW	●/●	8	4.0	10.9	135.3	4.7	8	0.7	–0.2		NM	500.0+	NM
Trinity Industries	33/33	9	2.5	2.3	109.4	0.7	11	–5.1	12.8		NM	–42.5	NM
Soo Line	●/●	10	0.4	def	146.2	def	1	17.6	–4.8		NM	D-D	NM
GATX	41/53	11	def	16.1	500.0+	6.9	12	–13.7	–4.4		NM	83.1	NM
Consolidated Rail	●/●	12	NE	NE	23.8	8.5	10	–4.8	2.1	1	44.0	–19.7	average
Medians			**6.3**	**8.3**	**67.3**	**4.2**		**3.0**	**–0.4**		**NM**	**12.5**	
Trucking and leasing													
Minstar	30/3	1	26.7%	1.4%	52.5%	0.5%	1	136.8%	–43.3%	1	86.3%	–91.5%	average
Carolina Freight	●/●	2	19.6	9.7	64.3	2.0	2	19.5	3.9	4	18.3	–33.7	NM
Ryder System	80/86	3	17.6	15.5	190.3	4.2	5	13.2	22.3	5	13.0	12.9	very high
Yellow Freight Sys	●/●	4	17.1	10.7	33.1	2.3	3	14.5	4.2	2	40.2	–43.1	high
Roadway Services	●/●	5	17.0	8.8	0.0	3.2	7	9.6	6.9	6	0.7	–23.4	very low
Consol Freightways	87/●	6	13.6	11.5	8.1	3.4	4	14.3	8.0	9	–0.6	–13.9	very low
Arkansas Best	81/71	7	10.0	6.3	137.1	1.0	6	11.8	7.1	3	28.3‡‡	–65.8	NM
RLC	●/●	8	9.3	3.9	291.5	1.1	8	6.5	5.3	8	–0.3	–64.4	very low
Constar Intl	NA/NA	9	8.1	9.3	108.5	1.8	9	–1.3	–19.9	7	0.4‡‡	–34.1	very low
Gelco	●/●	10	3.4	def	500.0+	1.7	10	–1.7	–0.9		NM	D-D	NM
IU International	54/18	11	0.8	9.5	70.3	1.5	11	–6.4	–5.4		NM	D-P	NM
Medians			**13.6**	**9.3**	**70.3**	**1.8**		**11.8**	**4.2**		**0.7**	**–34.1**	
Other surface													
Alexander & Baldwin	70/76	1	16.1%	22.3%	64.5%	19.8%	2	7.4%	22.4%	1	29.2%	37.9%	very high
American President	●/71	2	13.5††	12.2	53.9	4.3	1	18.7	29.6	2	–21.3‡	500.0+	very low
Medians			**14.8**	**17.2**	**59.2**	**12.1**		**13.0**	**26.0**		**3.9**	**500.0+**	
Industry medians			**9.3**	**9.3**	**67.0**	**3.2**		**6.8**	**3.9**		**–3.1**	**–19.9**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

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at committee stage. Railroad men also fear that union pressure could lead to an amendment granting featherbedding protection to workers affected by the spinoff of branch lines, of which there have been 160 since the start of the decade.

Since revenues look unlikely to improve in 1988, railroads are attacking costs. Two rails—CSX and CNW—are currently negotiating new independent labor contracts. Other railroad executives are watching anxiously, hoping too much isn't given away.

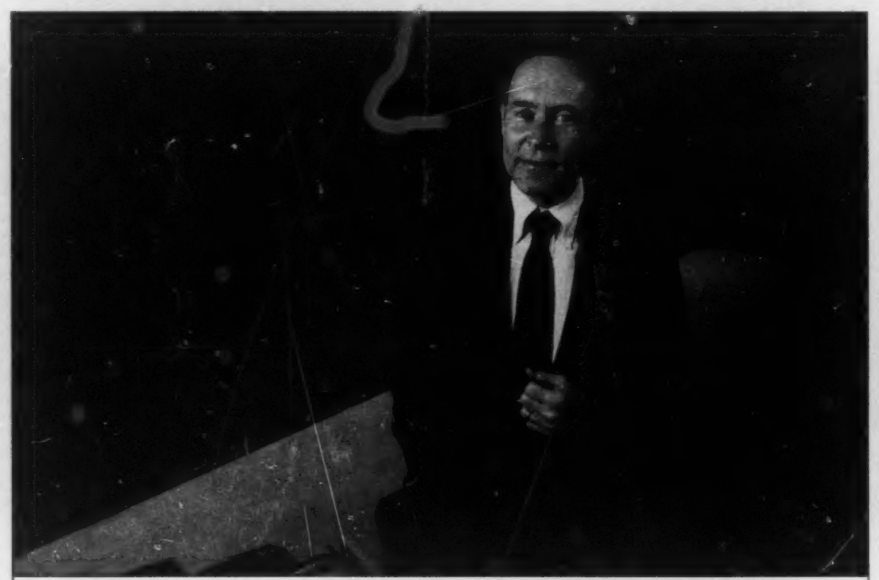
With earnings prospects bleak, some railroads are attempting to turn themselves into one-stop transportation companies. In 1986 CSX purchased Sea-Land, a leading containership operator, and Union Pacific acquired Overnite Transportation, the fifth-largest trucker. CSX also owns American Commercial Lines, one of the country's largest barge operators, and Texas Gas, a major natural gas transportation company. In 1985 Norfolk Southern bought North American Van Lines, and in 1987 it made a bid for Piedmont Aviation, only to lose out to USAir.

Among the truckers, rate-cutting has been most devastating in the less-than-truckload (LTL) segment of the market. The number of general freight carriers has more than doubled in the past eight years, to 36,000, but most of these companies are mom-and-pop operations that stick to the truckload market.

The LTL market, by contrast, is now dominated by the big three—Consolidated Freightways, Roadway Services and Yellow Freight—which together account for a third of the market. Market concentration is likely to grow, especially if rate-cutting and the resulting bankruptcies continue. McLean Trucking closed its doors in 1986, Milne Truck Lines in 1987. Analysts expect a top-ten trucking company to close soon, possibly in 1988. That will mean more market share for the survivors, and possibly also an easing of rate pressure. ■

In the passing lane

One trucking service is much like another. There is little customer loyalty, no brand names, and costs are about the same for everyone. So how does a competitor go about increasing its market share? That was the question facing Roadway Services President Joseph Clapp after his company had been toppled in 1986 by archrival Yellow Freight from its position as the U.S.' largest general freight carrier. Over the previous two years, while Roadway pursued an ambitious plan to set up a package service to rival that of UPS, Yellow Freight and other major less-than-truckload carriers had grabbed the bulk of the new trucking tonnage.


Joseph Clapp of Roadway Services

Bruce Zake/Picture Group

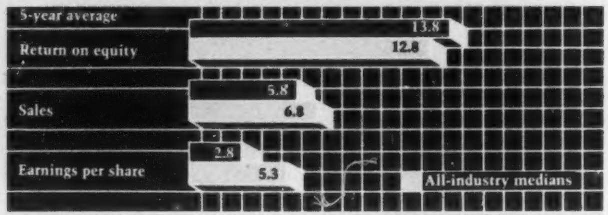
In late 1986 Clapp struck back, using a business approach favored by Japanese, Korean and Taiwanese exporters: He "bought" market share through aggressive pricing. Moreover, with no long-term debt, and $315 million in cash, Clapp had all the staying power he needed.

Trucking rates quickly fell to 1981 levels, while Roadway's tonnage jumped 17% in the past year. The gain partly reflected improved service, but there was a kind of bandwagon effect involved as well. Clapp had the financial muscle to regain market share at the expense of his rivals. Also, shippers have grown fearful that their cargoes could get tangled up in a messy trucking bankruptcy proceeding if they shipped with rivals, and have pushed more business than ever in Roadway's direction.

Rates lately seem to have stabilized. If they stay firm into 1988 and the economy doesn't slacken, Roadway investors will reap a big reward. Though still below their 1984 peak, earnings per share should jump by an industry-best 50% this year.

TELECOMMUNICATIONS

Profits grow as companies target commercial customers over individuals.



By Patrice Duggan

IF STOCK PRICES WERE ALL THAT MATTERED, 1987 was a ho-hum year for the companies in this industry. Overall, shares performed slightly below market averages, though earnings, while lagging behind those of other industries, grew steadily. Yet for all the seeming calm, technological change swept through equipment makers, and marketing opportunities opened up everywhere.

For the major long-distance carriers, Federal Communications Commission-mandated price-cutting continued, wearing away MCI and US Sprint price advantages and forcing them to look for new ways to increase market share. The strategy? Go after commercial clients more concerned about quality service than discount prices. MCI introduced a string of new services for business clients, and US Sprint touted the clarity of signals carried on its new fiber-optics network.

In spite of earlier worries that AT&T would emerge from divestiture as a floundering, hapless giant in long-distance service, 1987 showed the company healthy and resilient, with estimated 1987 earnings per share up to $1.45, from 21 cents in 1986. (A writeoff of $3.2 billion in the last quarter of 1986 followed layoffs and cost-cutting moves.)

By contrast, US Sprint still hasn't recovered from the disruptive effects of the merger of GTE and United Telecommunications in July 1986. In 1987's second quarter alone, operating losses were $282 million on sales of only $546 million.

During 1987 local service providers pushed the limits of

Yardsticks of management performance		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Carriers													
Centel	61/84	1	16.0%	11.6%	91.2%	7.6%	9	5.8%	9.1%	13	1.5%	–20.0%	very low
PacifiCorp	23/15	2	15.8	14.9	101.9	12.5	3	10.5	7.7	8	3.5	12.8	low
Contel	61/●	3	15.7	13.5	115.4	7.0	2	13.5	–3.2	3	7.0	–12.9	high
MCI Communications	●/●	4	15.3	def	207.2	def	1	43.1	12.6		NM	P-D	NM
Ameritech	●/●	5	15.2††	17.0	57.3	12.1	15	1.8‡‡	2.1	10	2.9‡‡	18.7	average
BellSouth	●/●	6	14.8††	16.2	52.9	13.4	13	3.3‡‡	5.7	9	3.0‡‡	11.5	low
Bell Atlantic	●/●	7	14.4††	14.8	57.7	11.9	10	4.6‡‡	6.8	7	3.9‡‡	6.0	average
Alltel	78/●	8	14.3	12.4	94.1	9.1	4	8.0	4.8	11	2.8	–17.9	low
Pacific Telesis	●/●	9	14.1††	14.0	66.2	12.1	11	4.3‡‡	0.4	1	14.5‡‡	3.3	very high
Nynex	●/●	10	14.0††	14.0	60.6	10.5	12	4.3‡‡	8.5	4	5.9‡‡	3.5	high
Southwestern Bell	●/●	11	13.8††	18.7	69.8	13.0	16	1.0‡‡	–0.7	5	4.2‡‡	50.2	high
US West	●/●	12	13.8††	13.1	64.3	11.4	14	2.6‡‡	1.7	12	1.9‡‡	0.6	high
Cincinnati Bell	●/●	13	13.7	18.0	72.7	11.6	8	6.3	8.7	2	12.0	10.7	very high
So New England Tel	●/●	14	13.4	13.7	61.8	9.5	7	7.2	2.4	6	4.2	7.1	average
GTE	74/●	15	12.2	13.3	110.8	6.9	6	7.4	–0.2		NM	D-P	NM
United Telecom	84/●	16	10.7	def	181.3	def	5	7.4	–6.7	14	–27.3	P-D	average
American Tel & Tel	●/●	17	7.2††	2.4	51.1	1.1		NA	–3.3		NA	–81.1	NM
Western Union	●/●	18	def	NE	NE	def	17	0.4	–18.1		NM	D-D	NM
Medians			**14.1**	**13.8**	**68.0**	**10.0**		**5.8**	**2.2**		**3.0**	**3.4**	
Manufacturing													
Motorola	37/58	1	11.3%	9.7%	11.7%	4.2%	2	12.7%	13.3%	1	–9.0%	48.2%	very low
M/A-Com	NA/NA	2	8.6	def	40.9	def	3	5.4	–24.5	2	–15.2	P-D	average
Penn Central	27/PD	3	6.7	5.7	2.9	7.6	4	–6.5	–33.7		NM	21.9	NM
TIE/Communications	●/●	4	4.9	def	8.2	def	1	20.2	–18.3		NM	D-D	NM
Medians			**7.7**	**–2.1**	**10.0**	**–2.0**		**9.0**	**–21.4**		**NM**	**NM**	
Industry medians			**13.8**	**13.2**	**63.0**	**8.4**		**5.8**	**1.9**		**2.8**	**3.4**	
All-industry medians			**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**	

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their allowed rate of return and looked increasingly for diversification opportunities. Regional telephone companies have already entered nonregulated areas like cellular service and publishing Yellow Pages outside of their regions, yet earnings still come mostly from regulated phone service.

For equipment manufacturers, 1987 was tumultuous, as some markets emerged out of nowhere while others faded away. Those companies providing software-intensive equipment, like T1 networking equipment, fared far better than those providing standard office and home telephone equipment, such as TIE/Communications, where a maturing market saw slower demand.

Consolidation and acquisition among equipment makers is stepping up. Unisys' bid for Timeplex (sales, $147 million) represents the urgent need small, innovative companies have to gain access to resources for research and marketing in an industry always one step ahead of itself.

What's ahead? Until now, rates for long-distance carriers have been set by a formula that allows only a certain, fixed return on shareholder equity. But in 1987 the FCC recommended adopting a new, more liberal rate-setting formula that allows the carriers to increase their profits by simply cutting costs. If the proposal goes into effect in the next year, which now seems likely, it could influence regulators of local companies as well. MCI and US Sprint are hoping that, free to pursue higher profits, AT&T will be more likely to cut its costs than its prices to customers—which means wider margins for everyone. ■

Pinch-hit hero

V. Orville Wright of MCI Communications Corp.

Katherine Lambert

Telephone companies large and small all want to move more aggressively into commercial markets. But only MCI Communications Corp. has demonstrated the managerial innovation and flexibility to wheel out the new products necessary to make the switch.

Thanks go to V. Orville Wright, former MCI president and current co-chief-executive. Wright came out of 18 months of retirement to take over for MCI's affable chairman, William McGowan, who underwent a heart transplant in the spring.

Suffering from lower rates and higher access charges in the wake of "equal access," as ordered by the courts, MCI hit bottom in 1986, with losses of $448 million. By February 1987 its stock traded at $5 per share, down 82% from its alltime high of 27¾ in June 1983. But the company's turnaround strategy was about to pay off big: Go after commercial accounts rather than the less profitable residential market.

The first step in the strategy had been to retrain old and hire new sales people prepped to deal with major corporate clients. Next, the company added a new toll-free service, which provides more detailed billing information, and a WATS-type service with flexible billing based on frequency and distance of usage. Finally, MCI increased the number of countries that its service reaches. Operator-assisted dialing for international calls has also been announced.

What has all this brought MCI? In 1987 the company landed contracts with the Pentagon (taking substantial business from AT&T), United Airlines, Westinghouse and J.C. Penney. While most analysts anticipated that MCI would be lucky to break even in 1987, earnings of 30 cents per share are expected, and Robert Morris of Prudential-Bache Capital Funding believes that figure could nearly triple in the next 12 to 18 months. Meanwhile, MCI's stock has almost doubled since February, outperforming the market as well as its major competitors.

WHO'S WHERE IN GROWTH

Yes, 1987 annual reports looked better than they had in years. But after 1987 come 1988 and 1989.

By Steve Kichen

Wall Street's plunge came too late for any ripple effects to damage 1987 earnings. Latest-12-month per-share earnings leaped to a median 13.9% for this list, vs. 2.8% the year before. Long-term earnings performance improved dramatically. The median company in last year's report had a five-year average change in earnings of –0.9%. The figure is now up to 5.3%. Of the 731 companies ranked in the following table, 16.3% show five-year average earnings growth of 25% or better, vs. 13.7% of the firms in 1986. Results for latest-12-month earnings: 27.4% of the corporations have 12-month earnings growth of 25% or more, compared with about the same for 1986.

Right after the crash, security analysts began working overtime to chop 1988 earnings estimates. According to Stan Levine, vice president of New York-based Lynch, Jones & Ryan, a brokerage firm that publishes the Institutional Brokers Estimate System, Wall Street analysts drastically cut estimates for transportation, financial services and consumer durables companies. Drug companies, computer software service companies and a few other groups showed improvement. "Most strategists are not predicting a recession, just a slowing in the rate of economic growth," says Levine. According to Levine, economic strategists expect earnings of the companies in the S&P 500 index to be up 12.7% over estimated 1987 earnings, compared with a 19.6% rise from 1986 to 1987. Is Wall Street too optimistic?

Of the top 100 corporations ranked by five-year sales growth, 18 are from the banking industry. Leading the banks is Los Angeles-based Columbia Savings & Loan Association, ranked 8th overall. Retailing takes second place, with 15 companies. Only a few manufacturers were on top. Triangle Industries, which has grown by acquiring other packaging companies, is ranked 23rd. Competitor Stone Container is in 42nd place.

When growth rates cover only a three- or four-year period instead of the regular five-year stretch, the figures can be unusually high. Such instances are footnoted in the tables. Fourth-ranked Singer, for example, has long-term average earnings growth of 126.9%. But this is only a three-year rate. Singer has been around for over a century, so why does it have a shortened earnings growth rate span? In 1982 the company lost $1.63 per share. So the growth rate had to start with 1983, a year in which Singer made a partial recovery. Thus Singer's 126.9% average annual earnings growth rate reported here is an aberration and cannot be maintained for long.

In fact, of the 50 top-ranked companies in the following table, only 7 show latest-12-month earnings exceeding their five-year average growth rates. Twenty of the 50 show either a negative change in latest-12-month earnings or have gone from a profit to a deficit condition.

Companies in startup situations can have particularly distorted growth rates. Top-ranked Reebok International went from sales of less than $1 million in 1980 to over $1 billion in 1987. Reebok's four-year earnings growth rate starts in 1983, when earnings were only 1 cent per share. The next year earnings rose to 8 cents, a 700% rise. (In this issue any annual growth rate greater than 500% is marked 500+.) Will Reebok stay on top? Consider this: In 1983 Nike was the hot shoe, and that company took second place with five-year average sales growth of 98%. Where is Nike now? It is ranked 644th with a five-year average change in earnings of –4.7%. ■

WHO'S WHERE IN GROWTH

		Earnings per share			Sales	
Company	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Reebok International	1	200+%‡	25.9%	1	292.5%	63.7%
US Healthcare	2	158.0‡	56.6	11	80.9‡	19.6
Sun Microsystems	3	130.4‡‡	87.9	4	190.2‡‡	137.8
Singer	4	126.9‡‡	37.9	962	–7.1	–2.9
Compaq Computer	5	124.8‡‡	120.6	13	75.2‡‡	64.6
Emerson Radio	6	119.9	P-D	19	63.2	12.6
CalFed	7	106.8‡	–5.0	103	26.7	3.8
Chrysler	8	104.6‡	1.9	157	19.8	11.4
TW Services	9	93.3‡‡	–46.9	307	12.8	14.3
Nacco Industries	10	93.2	4.2	579	5.9	–14.6
Minstar	11	86.3	–91.5	6	136.8	–43.3
Trinova	12	76.3	P-D	451	8.7	0.2
Tyson Foods	13	75.5	34.7	117	25.1	18.8
Homestead Financial	14	75.5	–22.7	25	52.6	–1.5
Fleetwood Enterprise	15	74.7	16.8	110	26.0	7.8
Reliance Group	16	73.8‡	500.0+	228	16.1‡	17.5
Jim Walter	17	72.4	10.2	697	3.9	2.8
American Continental	18	71.4	–2.5	100	27.6	–10.1
NWA	19	67.2	46.2	283	13.6	65.3
Hasbro	20	66.3	–42.3	12	79.6	1.2
Circuit City Stores	21	63.2	64.3	38	42.0	42.1
Price Co	22	61.9	20.0	16	64.9	24.9
Kellwood	23	60.4	13.6	885	–2.5	14.7
Highland Superstores	24	57.2	–38.5	44	39.3	15.1
Limited	25	55.9	29.5	26	51.6	18.7
Del E Webb	26	55.6	P-D	941	–5.7	–5.1
Liz Claiborne	27	54.6	37.4	29	48.6	33.7
General Public Utils	28	54.3	39.0	563	6.3	–4.1
Gt Western Financial	29	53.8‡‡	–18.4	77	28.9	16.3
Intergraph	30	52.4	–8.8	30	47.5	–0.1
HF Ahmanson	31	51.4‡‡	–25.5	261	14.5	–12.8
General Motors	32	51.4	–16.1	326	12.1	–1.0
Mayfair Super Markets	33	49.6	43.7	548	6.7	13.1
Kay	34	49.1‡	–31.4	634	4.8	–24.1
Holly Corp	35	49.0	–92.1	929	–5.1	–19.2
Ryland Group	36	48.6	41.0	115	25.5	31.2
First Federal Mich	37	48.3‡‡	–19.6	90	28.1	0.1
CalMat	38	47.8	79.5	227	16.1	54.9
Wetterau	39	47.4	5.7	253	14.7	2.4
Cray Research	40	46.6	19.0	39	41.4	21.8
Marion Laboratories	41	46.5	129.5	104	26.7	47.3
ICH	42	46.5	-31.9	14	70.0	56.2
Spiegel	43	46.2‡	55.9	161	19.5‡	6.6
Berkshire Hathaway	44	46.0	–60.2	57	33.3	21.3
Willamette Inds	45	45.6	76.5	610	5.3	18.6
General Motors EDS	46	45.2	17.8	22	59.9	1.5
Manufacturers Natl	47	44.8	–34.3	795	1.5	6.0
Shaw Industries	48	44.5	57.3	140	21.3	24.0
Southmark	49	44.5	0.0	18	63.7	42.9
Progressive	50	44.2‡‡	3.1	107	26.5	42.8
Consolidated Rail	51	44.0	–19.7	921	–4.8	2.1
Western S&L	52	43.1‡‡	–51.5	146	20.8	8.2
Gt Am First Savings	53	42.6‡‡	15.4	113	25.7	21.1
Smithfield Foods	54	41.0	–18.5	82	28.7	13.2
Telex	55	40.6	3.9	55	34.7	11.9
Macmillan	56	40.5	16.9	233	15.7	18.7
Yellow Freight Sys	57	40.2	–43.1	260	14.5	4.2
Sequa	58	40.0	500.0+	913	–3.9	91.7
Harcourt Brace	59	40.0	P-D	317	12.4	26.6
Student Loan	60	39.6	31.8	222	16.3	10.3
American Family	61	39.5	40.8	147	20.8	40.1
USG	62	39.0	33.3	219	16.4	7.6
Longview Fibre	63	38.5	117.1	576	5.9	19.6
GlenFed	64	38.4‡‡	32.7	133	22.7	11.0
Time Inc	65	38.4	–45.9	312	12.6	11.0
Golden West Finl	66	38.4%‡‡	–8.0%	194	17.6%	–5.8%
Ramada	67	38.2‡‡	–7.1	443	8.9	14.8
Wal-Mart Stores	68	37.9	41.1	50	37.2	36.1
Kaufman & Broad	69	37.6‡‡	54.5	167	19.4	35.9
Home Federal S&L	70	36.9‡‡	–6.0	202	17.1	4.2
Bausch & Lomb	71	35.9	12.5	618	5.2	22.1
Ralston Purina	72	35.8	35.4	758	2.6	6.4
Super Food Services	73	35.4	13.5	546	6.7	7.9
Armstrong World Inds	74	34.5	26.1	511	7.6	22.0
CNA Financial	75	34.5	–17.5	252	14.8	22.2
Northrop	76	34.5	11.4	126	23.7	8.6
Tribune	77	34.2	–60.6	459	8.5	6.1
Great A&P Tea	78	33.5‡	51.0	538	7.0	32.9
Geico	79	33.0	14.5	264	14.4	11.7
Fred Meyer	80	32.7‡	3.4	339	11.8‡	6.2
Rohr Industries	81	32.6	–43.3	745	2.9	6.0
Centex	82	32.4	–38.8	475	8.2	–6.2
Esselte Business Sys	83	32.1	29.4	301	12.9	28.4
Arvin Industries	84	30.9	4.8	231	15,9	59.3
Manor Care	85	30.5	10.3	58	33.1	4.5
Reynolds & Reynolds	86	30.1	–21.7	275	13.8	39.3
SCI Systems	87	30.1	16.5	21	60.6	25.7
Family Dollar Stores	88	29.8	–18.9	131	23.0	14.9
Dillard Dept Stores	89	29.6	5.2	98	27.6	15.4
Grumman	90	29.4	–22.9	295	13.2	–1.7
Alexander & Baldwin	91	29.2	37.9	522	7.4	22.4
Columbia S&L Assoc	92	29.2‡	–13.6	8	98.8	12.8
Nashua	93	29.1‡‡	5.7	796	1.5	18.0
Washington Post	94	28.8	64.4	391	10.2	9.5
Godfrey	95	28.7	38.4	486	8.0	7.8
Charming Shoppes	96	28.7	7.1	72	29.6	30.1
Arkansas Best	97	28.3‡‡	–65.8	340	11.8	7.1
American Natl Ins	98	28.1	26.8	664	4.5	7.5
Charter Medical	99	28.0	14.2	129	23.4	22.0
Primark	100	27.9	–2.3	832	0.1	–16.6
Tele-Communications	101	27.8	–34.7	85	28.4	127.5
Comdisco	102	27.8	18.3	176	18.7	35.2
MDC Holdings	103	27.7	–44.9	17	64.9	24.9
Arden Group	104	27.5	39.9	933	–5.2	–10.3
Home Depot	105	27.5‡	114.3	10	81.0	43.0
Florida Natl Banks	106	27.3	–50.5	158	19.7	2.4
Gap	107	27.3	63.2	256	14.6	27.6
Subaru of America	108	27.3	–92.5	232	15.8	–1.0
Primerica	109	27.0‡‡	22.6	959	–7.0	–21.7
General Cinema	110	26.8	27.0	715	3.5	4.1
Food Lion	111	26.7	33.3	89	28.1	27.5
Laidlaw Industries	112	26.7	7.1	70	29.9	149.8
Philips Industries	113	26.3	21.0	162	19.5	15.8
Monarch Capital	114	25.8	–12.2	28	48.9	88.4
Airborne Freight	115	25.7	14.8	249	15.0	16.2
First Union	116	25.3	8.9	200	17.2	46.5
Squibb	117	25.2	201.6	679	4.3	–4.9
Signet Banking	118	25.1	–66.4	360	11.3	13.3
Loews	119	25.0	–6.6	299	12.9	13.3
Circle K	120	24.8‡‡	–2.3	84	28.5	8.9
Echlin	121	24.6	–20.7	208	16.8	21.9
Maytag	122	24.5	42.0	350	11.5	7.5
Waste Management	123	24.5	107.0	149	20.7	35.7
Dibrell Brothers	124	24.2	P-D	842	–0.2	1.3
Torchmark	125	23.5	5.0	152	20.6	5.6
Lowe's Cos	126	23.1	–7.0	137	22.1	7.6
Bruno's	127	23.1	10.3	223	16.3	13.0
Hechinger	128	23.1	33.7	124	23.8	23.2
Zayre	129	23.0	93.0	125	23.8	23.6
First of America Bk	130	22.7	5.8	394	10.1	27.8

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ‡‡Three-year growth.

WHO'S WHERE IN GROWTH

Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Herman Miller	131	22.7%	–2.1%	220	16.4%	13.0%
Kelly Services	132	22.6	26.8	151	20.7	12.1
Sherwin-Williams	133	22.5	44.3	788	1.8	–21.9
Polaroid	134	22.5	71.8	778	2.0	14.2
Seagate Technology	135	22.4	121.2	7	106.6	78.1
Toys "R" Us	136	22.4	32.6	116	25.2	26.1
CoreStates Financial	137	22.4	–2.8	328	12.1	25.1
Shearson Lehman	138	22.3‡	NA	51	36.1‡	21.5
Times Mirror	139	22.2	–15.5	507	7.6	4.7
Talley Industries	140	21.9‡‡	P-D	858	–0.8	–12.9
Life Investors	141	21.5	–9.9	177	18.6	37.1
Kraft	142	21.5‡	23.8	815	0.6	23.1
Foodarama	143	21.4	–28.7	780	2.0	2.2
New York Times	144	21.3	18.7	291	13.4	8.3
CertainTeed	145	20.9‡‡	4.7	561	6.3	2.5
No'western Natl Life	146	20.9	1.0	27	50.5	15.8
Louisiana-Pacific	147	20.8‡‡	105.3	424	9.4	27.1
FW Woolworth	148	20.8‡‡	14.6	834	–0.1	9.5
Pueblo International	149	20.5	19.2	483	8.0	20.5
Capital Holding	150	20.4	10.7	184	18.0	44.7
Ingles Markets	151	20.4‡	–3.1	333	11.9‡	12.0
Commerce Bcshs	152	20.3	4.7	453	8.6	–5.5
Rose's Stores	153	20.3	–9.8	250	15.0	14.4
Pfizer	154	20.1	10.8	569	6.1	10.0
Boise Cascade	155	20.0	80.3	614	5.2	2.2
Georgia-Pacific	156	20.0	76.9	562	6.3	16.0
Safeco	157	19.9	38.4	348	11.5	2.3
Giant Food	158	19.8	–15.2	482	8.0	13.2
Brockway Inc (NY)	159	19.7	27.2	529	7.2	0.8
Deluxe Check	160	19.6	21.5	353	11.5	9.7
Pitney Bowes	161	19.3	93.7	525	7.3	11.9
National City	162	19.2	–17.0	173	18.9	8.3
Laclede Gas	163	19.2	–23.0	694	3.9	–18.7
VF	164	19.2	8.4	224	16.2	60.8
Rubbermaid	165	19.1	19.4	174	18.7	26.8
Teledyne	166	18.9‡	10.3	793	1.6	0.5
Ethyl	167	18.9	16.4	874	–2.0	4.6
Kaman	168	18.9	13.6	510	7.6	–19.8
KeyCorp	169	18.8	5.6	93	27.9	20.4
United Stationers	170	18.8	3.1	97	27.6	15.5
First Wachovia	171	18.8	0.6	377	10.6	–1.0
Dow Jones	172	18.6	12.6	325	12.2	9.8
Strawbridge	173	18.5	0.5	322	12.2	9.5
Nordstrom	174	18.5	28.0	108	26.3	19.0
Rockwell Intl	175	18.4	10.2	305	12.8	–1.4
Phillips-Van Heusen	176	18.4	142.4	647	4.7	–12.8
Carolina Freight	177	18.3	–33.7	163	19.5	3.9
Shoney's	178	18.3	7.6	180	18.4	17.7
Marriott	179	18.3	16.8	153	20.5	30.0
UST Inc	180	18.2	108.8	285	13.5	8.3
Walgreen	181	18.2	0.6	229	15.9	17.0
Abbott Laboratories	182	18.1	19.5	405	9.7	14.0
Jefferson Smurfit	183	18.1	218.8	190	17.7	14.2
Provident Life & Acc	184	18.0	0.9	244	15.2	28.3
Leggett & Platt	185	18.0	17.3	181	18.2	13.0
Consolidated Papers	186	17.9	–13.5	575	6.1	8.0
Dun & Bradstreet	187	17.8	36.7	145	20.9	5.9
Apple Computer	188	17.8	38.1	34	43.7	39.9
Bairnco	189	17.8	30.7	114	25.5	7.8
Philip Morris Cos	190	17.7	25.6	203	17.0	10.4
Cardinal Distribution	191	17.7	–15.2	123	23.9	31.4
James River Corp Va	192	17.7	8.7	45	39.0	50.6
JP Morgan & Co	193	17.6	–74.1	844	–0.3	–4.1
AON	194	17.6	–9.6	331	12.0	34.8
Barnett Banks	195	17.6	6.8	105	26.6	26.7
Rorer Group	196	17.6%	–82.0%	351	11.5%	35.5%
Interpublic Group	197	17.6	11.4	358	11.3	17.6
Scott Paper	198	17.5	17.9	441	8.9	22.3
Ford Motor	199	17.5‡‡	44.8	366	11.1	14.2
Clorox	200	17.4	–13.3	471	8.2	7.1
Standard Register	201	17.4	37.0	347	11.5	29.8
Holly Farms	202	17.3	13.7	749	2.7	17.6
Browning-Ferris Inds	203	17.2	21.1	238	15.6	24.7
Rollins	204	17.2	11.0	638	4.8	11.1
Brunswick	205	17.1	42.0	374	10.8	68.8
Bindley Western Inds	206	16.9	–14.1	316	12.4	41.9
American Stores	207	16.8	0.3	193	17.6	1.3
Loral	208	16.7	13.4	118	24.8	51.7
Household Intl	209	16.6	47.6	1016	–18.9	–16.0
Bemis	210	16.5	21.5	682	4.3	9.1
CR Bard	211	16.5	2.5	400	9.9	17.5
Northeast Utilities	212	16.4	–17.9	642	4.8	–0.4
Big Bear	213	16.4	2.0	499	7.7	1.1
Equitable of Iowa	214	16.2	–49.8	840	–0.2	9.4
Potlatch	215	16.1	94.2	740	3.0	2.3
Quaker Oats	216	16.1	18.9	474	8.2	24.9
Amdahl	217	16.0	438.6	185	17.9	53.3
Pep Boys	218	16.0	140.4	247	15.2	18.5
NBD Bancorp	219	15.9	–7.7	722	3.4	19.7
State Street Boston	220	15.7	23.3	466	8.4	15.1
Dean Foods	221	15.7	–1.9	343	11.6	7.4
Gibraltar Financial	222	15.6‡‡	P-D	150	20.7	3.6
E-Systems	223	15.5	21.6	320	12.2	12.8
Lincoln National	224	15.5	26.8	263	14.5	24.1
Maxicare Health	225	15.5‡	P-D	15	68.9	157.8
Textron	226	15.5	32.0	186	17.9	13.1
United Jersey Banks	227	15.5	3.0	379	10.6‡	5.9
Ames Dept Stores	228	15.4	–43.4	40	41.1	11.6
PPG Industries	229	15.4	39.6	497	7.8	10.4
Lockheed	230	15.4‡	–7.3	225	16.2	8.2
Crown Cork & Seal	231	15.3	15.9	725	3.4	5.1
ConAgra	232	15.3	11.5	49	37.5	49.9
First Bank System	233	15.3	–70.7	390	10.2	–18.1
Anheuser-Busch Cos	234	15.2	26.1	254	14.7	9.3
HON Industries	235	15.2	–10.6	273	14.0	5.2
Commonwealth En	236	15.2	–24.9	755	2.6	0.5
Banc One	237	15.2	–11.6	214	16.5	2.5
PNC Financial	238	15.1	–11.7	410	9.7	12.6
Kimball International	239	15.0	19.6	364	11.2	20.6
First Kentucky Natl	240	15.0	–32.9	381	10.5	5.8
RR Donnelley	241	15.0	69.5	306	12.8	13.0
Cincinnati Financial	242	14.9	1.1	215	16.5	17.0
Potomac Electric	243	14.8	8.7	557	6.3	–0.9
PepsiCo	244	14.8	29.7	651	4.6	24.8
Dominion Bankshares	245	14.7	7.3	355	11.4	26.2
Wm Wrigley Jr	246	14.5	30.6	756	2.6	11.5
Pacific Telesis	247	14.5‡‡	3.3	676	4.3‡‡	0.4
Citizens & Southern	248	14.2	–6.6	303	12.8	14.6
Fleet Financial	249	14.2	–5.1	189	17.7	45.9
Temple-Inland	250	14.2‡‡	79.9	717	3.5	26.6
McDonald's	251	14.1	14.3	371	10.9	13.6
Nucor	252	14.1	–21.5	422	9.5	2.2
Sovran Financial	253	14.1	17.3	346	11.5	12.4
Society	254	14.0	32.0	212	16.6	–4.8
Rohm & Haas	255	14.0	40.7	757	2.6	3.4
Kellogg	256	14.0	26.5	512	7.6	11.9
Masco	257	14.0	26.2	395	10.1	46.8
Morton Thiokol	258	14.0	10.1	156	20.0	5.3
Ipalco Enterprises	259	13.9	87.2	489	8.0	11.3
Meredith	260	13.9	–13.5	655	4.6	8.7

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ‡‡Three-year growth.

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Worthington Inds	261	13.8%	–0.3%	278	13.7%	7.9%
Automatic Data	262	13.7	22.7	221	16.4	13.6
Hannaford Bros	263	13.7	24.9	341	11.7	18.8
First Boston	264	13.6	2.2	87	28.4	11.2
May Dept Stores	265	13.6	20.0	349	11.5	4.7
CityFed Financial	266	13.6‡	P-D	88	28.3	4.1
Coca-Cola Enterprises	267	13.5‡	–23.0	102	27.2	127.0
Capital Cities/ABC	268	13.5	55.4	46	38.4	31.5
Mercantile Stores	269	13.5	11.6	413	9.6	7.2
NCNB	270	13.5	–1.0	164	19.5	7.6
First Tennessee Natl	271	13.4	–12.0	478	8.1	2.6
Xidex	272	13.3	P-D	37	42.8	23.2
Wells Fargo	273	13.3	P-D	735	3.2	21.3
Flowers Industries	274	13.2	–7.0	330	12.0	10.1
Avery International	275	13.1	38.6	352	11.5	33.8
Witco	276	13.1	0.7	786	1.8	0.6
SunTrust Banks	277	13.1	6.4	127	23.6	30.1
Ball Corp	278	13.1	8.7	556	6.4	1.8
Dayton-Hudson	279	13.1	10.0	269	14.0	7.1
Southwest Gas	280	13.0	24.2	643	4.8	–10.9
Bristol-Myers	281	13.0	19.4	540	6.9	10.7
Ryder System	282	13.0	12.9	294	13.2	22.3
Sysco	283	13.0	–0.7	199	17.3	15.3
Coca-Cola	284	12.9	31.3	479	8.1	–2.8
Albertson's	285	12.9	15.4	438	9.0	8.5
Interlake	286	12.8	34.6	907	–3.6	0.8
Crestar Financial	287	12.8	–22.5	302	12.9	7.4
Jamesway	288	12.7	25.9	235	15.7	17.6
NCR	289	12.7	21.6	526	7.3	14.5
K mart	290	12.7	160.7	463	8.4	6.2
Lucky Stores	291	12.6	450.8	831	0.1	–1.6
HJ Heinz	292	12.6	15.7	696	3.9	9.1
Amoskeag	293	12.6	–3.5	412	9.6	43.2
AmSouth Bancorp	294	12.6	5.3	456	8.6	15.3
American General	295	12.5	18.7	136	22.3	12.5
FMC	296	12.5	305.0	882	–2.3	–0.6
Snap-on Tools	297	12.4	23.6	416	9.6	14.9
Ogilvy Group	298	12.3	–5.9	266	14.3	26.5
Marshall & Ilsley	299	12.3	3.1	276	13.8	3.9
Farmers Group	300	12.3	14.0	242	15.3	9.8
Commerce Clearing	301	12.2	0.3	429	9.3	12.7
American Express	302	12.2	–16.2	53	35.4	10.1
Jefferson-Pilot	303	12.1	42.9	728	3.3	0.7
Tandem Computers	304	12.1	50.0	76	29.2	34.9
Boeing	305	12.1	–20.1	362	11.2	0.9
Meridian Bancorp	306	12.0	5.3	213	16.6	5.1
GenCorp	307	12.0	[illegible]	428	9.4	–31.6
Merck	308	12.0	36.0	549	6.6	22.3
Cincinnati Bell	309	12.0	10.7	560	6.3	8.7
Southern Company	310	11.9	–1.3	383	10.4	2.3
First American	311	11.8	–5.3	206	16.9	14.2
American Greetings	312	11.8	–22.2	314	12.5	9.6
Sears, Roebuck	313	11.8	17.4	389	10.3	9.2
Bankers Trust NY	314	11.8	P-D	798	1.5	5.9
Colt Industries	315	11.8‡‡	184.2	910	–3.7	2.1
Fidelcor	316	11.7	–13.8	182	18.2‡	8.9
Rite Aid	317	11.7	85.4	407	9.7	24.1
Westinghouse	318	11.7	19.2	744	3.0	–5.9
Houston Industries	319	11.7	2.4	760	2.6	–2.2
Stanley Works	320	11.6	–1.0	534	7.0	17.5
Weis Markets	321	11.6	30.3	496	7.8	3.3
Tambrands	322	11.5	10.2	246	15.2	10.0
Atlanta Gas Light	323	11.3	22.5	639	4.8	–2.5
Sara Lee	324	11.3	16.4	490	8.0	16.6
Baltimore G&E	325	11.2	10.2	640	4.8	1.3

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Melville	326	11.2%	11.0%	281	13.7%	10.2%
McDonnell Douglas	327	11.2	11.4	304	12.8	6.8
Campbell Soup	328	11.2	10.4	404	9.7	2.6
BayBanks	329	11.1	9.2	354	11.4	10.6
Bank of Boston	330	11.1	–45.5	609	5.3	18.0
United Artists	331	11.1	–9.5	211	16.6	17.4
Beverly Enterprises	332	11.0	P-D	63	31.4	9.1
Sonoco Products	333	11.0	49.4	281	13.6	25.9
Bank of New York	334	10.9	–79.7	738	3.1	15.5
Holiday	335	10.8	24.1	801	1.3	0.0
Marsh & McLennan	336	10.8	28.4	236	15.6	20.7
Hawaiian Electric	337	10.8	2.3	892	–2.9	1.8
Pillsbury	338	10.8	2.5	332	11.9	3.9
Gannett	339	10.7	12.3	251	14.9	14.6
Skyline	340	10.6	19.1	653	4.6	1.2
Florida Progress	341	10.5	1.1	461	8.5	0.9
Durr-Fillauer	342	10.5	–1.2	106	26.6	8.4
Walt Disney	343	10.5	77.5	141	21.3	16.4
Computer Sciences	344	10.4	26.1	436	9.1	19.3
Security Pacific	345	10.4	–63.5	513	7.5	24.4
Tyco Laboratories	346	10.4	–26.4	265	14.3	20.8
Eli Lilly	347	10.4	10.8	611	5.2	12.2
UtiliCorp United	348	10.3	1.7	130	23.0	12.3
Hewlett-Packard	349	10.2	23.8	245	15.2	13.9
Knight-Ridder	350	10.2	7.6	430	9.2	9.7
Citicorp	351	10.1	P-D	558	6.3	13.1
Borden	352	10.1	23.7	732	3.2	24.0
Marine Midland Banks	353	10.1	P-D	857	–0.8	2.7
American Home Prod	354	10.0	10.9	762	2.5	2.5
H&R Block	355	10.0	20.1	187	17.8	14.0
WW Grainger	356	10.0	4.1	509	7.6	12.1
Wisconsin Energy	357	10.0	3.7	702	3.9	–3.6
Hillenbrand Inds	358	10.0	57.2	367	11.1	14.8
Peoples Energy	359	10.0	–26.9	747	2.8	–21.6
Petrie Stores	360	10.0	–10.9	144	20.9	8.3
AG Edwards	361	10.0	–3.1	197	17.4	15.0
Delmarva Power & Lt	362	9.9	–5.9	710	3.7	–8.9
Bank of New England	363	9.9	–23.7	270	14.0	33.3
New England Electric	364	9.9	3.6	726	3.4	0.0
Wicor	365	9.9	–23.9	527	7.2	–12.7
American Bankers	366	9.8	P-D	159	19.6	12.5
Shawmut	367	9.8	–48.3	321	12.2	16.2
Equifax	368	9.8	6.0	426	9.4	4.5
Midlantic Banks	369	9.7	–9.9	234	15.7	0.8
Southland	370	9.5	–36.4	337	11.8	–14.0
Hubbell	371	9.5	12.0	598	5.5	4.7
Universal Leaf	372	9.5	31.1	847	–0.3	68.6
Eaton	373	9.4‡‡	70.9	531	7.1	–10.8
Fuqua Industries	374	9.4‡	–9.3	724	3.4	–9.8
McGraw-Hill	375	9.4	2.3	520	7.4	9.8
Whirlpool	376	9.4	–11.0	334	11.9	6.6
Huntington Bshs	377	9.3	–12.8	293	13.3	1.8
Payless Cashways	378	9.0	–2.4	94	27.9	14.3
Comerica	379	9.0	23.7	491	8.0	–3.9
Seagram	380	8.9	12.8	624	5.1	18.2
Union Electric	381	8.9	12.3	403	9.8	8.1
No States Power	382	8.9	1.9	565	6.2	–3.5
American Intl Group	383	8.9	68.4	142	21.1	30.7
EG&G	384	8.8	3.8	365	11.2	4.6
Fort Howard	385	8.8	–9.4	67	30.4	6.2
National Service	386	8.7	6.4	434	9.2	3.4
IBM	387	8.7	–23.9	315	12.4	3.3
Mohasco	388	8.7‡‡	–9.9	601	5.5	6.4
General Electric	389	8.7	33.0	669	4.4	24.9
Kansas Power & Light	390	8.7	–3.0	74	29.4	–4.8

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WHO'S WHERE IN GROWTH

	Earnings per share			Sales		
Company	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
MNC Financial	391	8.6%	16.1%	386	10.3%	10.3%
Upjohn	392	8.6	46.5	704	3.8	11.5
Salomon	393	8.6	–48.4	31	46.3	–4.7
Becton Dickinson	394	8.6	30.5	730	3.3	20.6
Jostens	395	8.5	29.0	361	11.2	2.1
Bergen Brunswig	396	8.5	–22.7	79	28.8	10.1
Central & South West	397	8.4	5.6	667	4.5	–7.8
Federal Express	398	8.4	P-D	54	35.2	22.2
First Executive	399	8.4	4.0	134	22.7	12.1
Dominion Resources	400	8.3	14.1	555	6.4	11.6
George A Hormel	401	8.3	13.0	621	5.1	15.5
Southwestern Pub Svc	402	8.3	–20.7	414	9.6	–4.5
Washington Gas Light	403	8.3	–2.3	648	4.7	–6.4
Super Rite Foods	404	8.2	68.1	96	27.8	5.2
RJR Nabisco	405	8.2	25.9	284	13.5	–1.8
Boston Edison	406	8.2	0.4	765	2.5	4.9
Pentair	407	8.2	5.8	119	24.6	40.0
Riggs National	408	8.1	–74.7	750	2.7	–0.3
Super Valu Stores	409	8.0	18.6	262	14.5	7.9
Corning Glass Works	410	8.0	–8.0	741	3.0	9.0
Hershey Foods	411	8.0	15.1	462	8.5	13.7
HB Fuller	412	8.0	29.3	392	10.2	15.5
Pulte Home	413	7.9	18.4	218	16.4	1.9
Dana	414	7.9	16.0	431	9.2	4.9
National Fuel Gas	415	7.9	–14.9	822	0.3	–18.6
Commonwealth Ed	416	7.9	4.7	516	7.5	6.5
Wisconsin Public Svc	417	7.9	0.5	713	3.5	–4.0
PHH Group	418	7.9	5.7	241	15.5	59.5
Pub Svc Enterprise	419	7.8	–29.1	622	5.1	–5.0
AmeriTrust	420	7.7	–68.0	615	5.2	16.3
Figgie Intl	421	7.7	11.7	695	3.9	8.0
First Wisconsin	422	7.7	P-D	754	2.6	4.6
Equitable Resources	423	7.6	–37.7	736	3.2	–8.0
Ametek	424	7.5	15.7	607	5.3	5.8
Curtice-Burns Foods	425	7.5	21.1	467	8.4	10.1
Pacific G&E	426	7.5	–43.4	583	5.8	–8.5
Farm Fresh	427	7.5	–36.7	91	28.0	19.6
Grow Group	428	7.5	P-D	448	8.7	25.5
Valley National	429	7.4	–88.4	508	7.6	1.9
Questar	430	7.3	–15.3	674	4.3	–14.0
General Mills	431	7.2	25.2	626	5.0	14.0
Perry Drug Stores	432	7.2	P-D	95	27.8	14.5
Chemical New York	433	7.1	P-D	823	0.3	10.3
California First Bk	434	7.1	20.2	723	3.4	1.2
FPL Group	435	7.1	6.3	477	8.1	4.3
Nortek	436	7.1	–36.6	64	31.3	50.4
National Medical	437	7.1	–25.0	101	27.4	–5.5
Johnson Controls	438	7.1	–6.6	210	16.7	1.4
Contel	439	7.0	–12.9	287	13.5	–3.2
Wisconsin P&L	440	6.8	6.7	654	4.6	–4.9
Cincinnati G&E	441	6.8	11.4	637	4.8	–1.5
Old Republic Intl	442	6.8	28.7	83	28.5	1.7
Pioneer Hi-Bred Intl	443	6.7	–26.8	271	14.0	–5.1
Norstar Bancorp	444	6.7	7.6	61	32.3	14.3
Carson Pirie Scott	445	6.7	P-D	255	14.7	–26.3
Hospital Corp	446	6.7	–24.0	207	16.8	5.4
Louisville G&E	447	6.7	6.0	573	6.1	–3.6
Vulcan Materials	448	6.6	27.0	568	6.1	7.3
Kimberly-Clark	449	6.6	46.8	433	9.2	11.9
Southeast Banking	450	6.6	–52.3	545	6.7	2.7
Emerson Electric	451	6.4	6.8	457	8.6	24.6
San Diego G&E	452	6.4	–16.7	537	7.0	6.1
Ualico	453	6.4	26.6	73	29.4	7.4
So Calif Edison	454	6.4	–10.5	581	5.9	2.6
Illinois Power	455	6.3	7.1	721	3.5	2.3

	Earnings per share			Sales		
Company	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Atlantic Energy	456	6.2%	–2.8%	589	5.7%	10.7%
Cullum Cos	457	6.2	5.9	781	2.0	3.3
Illinois Tool Works	458	6.2	221.0	257	14.6	127.1
Detroit Edison	459	6.1	26.0	505	7.6	–0.2
Parker-Hannifin	460	6.1	–3.0	420	9.5	7.4
Carolina Power & Lt	461	6.0	–1.3	454	8.6	1.9
First Fidelity Bncp	462	6.0	–23.7	111	25.8	9.8
Consolidated Edison	463	5.9	12.9	789	1.8	–4.6
Hercules	464	5.9	287.1	841	–0.2	1.3
Irving Bank	465	5.9	–92.7	903	–3.5	9.7
Chase Manhattan	466	5.9	P-D	870	–1.6	5.0
Nynex	467	5.9‡‡	3.5	684	4.3‡‡	8.5
Mapco	468	5.8	–33.1	926	–5.0	–8.5
Boatmen's Bancshares	469	5.8	–6.4	71	29.8	30.9
Fieldcrest Cannon	470	5.8	4.6	311	12.7	44.8
TECO Energy	471	5.8	16.9	452	8.7	7.2
Prime Computer	472	5.7	12.5	168	19.4	10.2
Scana	473	5.7	14.0	469	8.3	2.4
Weyerhaeuser	474	5.7	81.1	592	5.6	22.4
Chubb	475	5.6	84.8	195	17.5	26.0
Digital Equipment	476	5.6	64.7	165	19.5	23.4
United Illuminating	477	5.6	12.0	767	2.4	0.5
Stanadyne	478	5.5	8.5	605	5.4	6.3
Greyhound	479	5.5	63.9	997	–12.5	–2.4
Quaker State Oil	480	5.5	P-D	829	0.2	–8.7
Genuine Parts	481	5.4	26.6	492	7.9	7.8
First Interstate Bncp	482	5.4	P-D	675	4.3	–4.1
Brown-Forman	483	5.3	5.0	228	16.1	4.7
Duke Power	484	5.3	9.8	356	11.4	11.4
Ruddick	485	5.3	7.1	279	13.7	9.9
Raytheon	486	5.2	14.5	618	5.2	8.4
Republic New York	487	5.1	–74.6	673	4.4	8.9
Collins Foods Intl	488	5.1	69.4	239	15.6	–7.8
Exxon	489	5.1	–14.2	958	–6.9	–3.5
Longs Drug Stores	490	5.0	13.3	393	10.2	10.4
Ohio Edison	491	5.0	6.6	550	6.6	1.4
Centerior Energy	492	5.0	3.0	603	5.5	5.8
Hartford National	493	5.0	0.2	75	29.3	40.8
Westvaco	494	5.0	35.0	681	4.3	10.6
Schering-Plough	495	4.8	46.4	644	4.7	15.3
Rochester G&E	496	4.8	–53.4	707	3.8	–2.7
US Bancorp	497	4.8	12.4	617	5.2	4.0
NY State E&G	498	4.7	P-D	368	11.1	–3.6
Texas Utilities	499	4.7	7.6	487	8.0	2.5
Allegheny Power	500	4.7	1.2	804	1.2	7.7
Central Hudson G&E	501	4.6	–19.4	807	1.2	–10.2
SmithKline Beckman	502	4.6	62.8	382	10.5	16.0
Consol Natural Gas	503	4.5	–12.9	848	–0.4	–17.8
Standard Shares	504	4.4	58.1	476	8.2	5.8
Coachmen Industries	505	4.3	–22.7	369	11.0	6.1
Winn-Dixie Stores	506	4.3	2.2	600	5.5	5.6
Southwestern Bell	507	4.2‡‡	50.2	810	1.0‡‡	–0.7
Intl Flavors & Frags	508	4.2	22.0	584	5.8	19.2
Kentucky Utilities	509	4.2	9.0	661	4.5	1.9
Midwest Energy	510	4.2	–10.4	427	9.4	–0.9
Tandy	511	4.2	30.9	323	12.2	13.4
Southwest Airlines	512	4.2	–56.6	120	24.1	3.3
So New England Tel	513	4.2	7.1	530	7.2	2.4
Sealed Power	514	4.1	25.7	191	17.6	13.1
Marsh Supermarkets	515	4.1	12.2	503	7.6	3.1
Nash Finch	516	4.1	15.0	518	7.4	35.3
Federated Dept Strs	517	4.0	12.5	458	8.5	6.9
Orange & Rockland	518	4.0	–0.3	766	2.4	–6.7
Bell Atlantic	519	3.9‡‡	6.0	658	4.6‡‡	6.8
PaineWebber Group	520	3.9	6.0	183	18.1	4.9

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ‡‡Three-year growth.

	Earnings per share			Sales				Earnings per share			Sales		
Company	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	Company	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
MCA	521	3.9%	–26.7%	336	11.8%	5.8%	Mfrs Hanover	550	2.5%	P-D	776	2.1%	–5.9%
Fleming Cos	522	3.8	–23.2	171	19.2	4.3	Harsco	551	2.5	29.8%	752	2.6	–3.3
EI du Pont de Nemours	523	3.8	6.4	716	3.5	4.3	First Maryland Bncp	552	2.4	249.4	494	7.8	12.3
Travelers	524	3.8	0.8	398	10.0	12.7	Moore Corp	553	2.3	–12.2	742	3.0	0.0
CILCorp	525	3.7	5.8	791	1.6	–4.7	Iowa Resources	554	2.3	–9.8	850	–0.6	3.4
Shaklee	526	3.7	–67.2	906	–3.6	23.1	Insilco	555	2.3	21.2	703	3.8	–4.2
Northern Trust	527	3.7	P-D	880	–2.3	3.6	Hanover Insurance	556	2.2	126.0	240	15.5	24.6
American Electric	528	3.7	15.9	706	3.8	0.4	Kansas City P&L	557	2.2	–23.7	535	7.0	5.9
Commercial Metals	529	3.6	–28.8	934	–5.3	–1.4	AMR	558	2.1‡‡	–22.6	427	9.5	13.4
USAir Group	530	3.6	88.3	370	10.9	31.8	Iowa-Illinois G&E	559	2.0	12.5	597	5.5	–11.6
PacifiCorp	531	3.5	12.8	380	10.5	7.7	Adolph Coors	560	2.0	–24.4	472	8.2	1.2
Minn Mining & Mfg	532	3.4	20.5	578	5.9	8.4	Chicago Pacific	561	2.0	63.9	52	35.8	105.4
JC Penney	533	3.3	23.2	620	5.1	6.5	US West	562	1.9‡‡	0.6	753	2.6‡‡	1.7
Dexter	534	3.3	25.9	616	5.2	16.5	Central Ill Pub Svc	563	1.9	–11.7	693	3.9	–6.7
Jerrico	534	3.3	–8.5	495	7.8	5.4	Tecumseh Products	564	1.8	22.5	777	2.1	9.2
Briggs & Stratton	535	3.3	–25.8	608	5.3	5.2	First Chicago	565	1.8	P-D	853	–0.6	–2.1
Kemper	536	3.2	32.7	378	10.6	11.2	McCormick & Co	566	1.7	17.2	498	7.7	10.4
Sterling Drug	537	3.1	57.7	805	1.2	15.4	Centel	567	1.5	–20.0	586	5.8	9.1
Rykoff-Sexton	538	3.1	36.6	69	30.3	0.6	Bell & Howell	568	1.5‡‡	–28.7	630	4.9	–7.6
Oklahoma G&E	539	3.1	–4.1	582	5.8	–0.4	American Cyanamid	569	1.4	100.6	808	1.1	8.9
Philadelphia Elec	540	3.0	–19.6	625	5.1	4.1	Ohio Casualty	570	1.3	28.8	408	9.7	15.1
BellSouth	541	3.0‡‡	11.5	731	3.3‡‡	5.7	Hilton Hotels	571	1.2	6.7	689	4.2	14.8
United Brands	542	3.0‡‡	11.2	911	–3.8	0.9	Washington National	572	1.2	–23.8	938	–5.7	26.1
Paccar	543	2.9	112.7	590	5.7	25.8	Square D	573	1.1	31.8	591	5.7	4.5
Mercantile Bancorp	544	2.9	P-D	743	3.0	–3.1	Perkin-Elmer	574	1.1	P-D	657	4.6	1.6
Niagara Mohawk Pwr	545	2.9	–64.2	677	4.3	–2.8	Long Island Lighting	575	1.0	–62.0	645	4.7	1.9
Ameritech	546	2.9‡‡	18.7	784	1.8‡‡	2.1	Continental Corp	576	0.8	28.6	324	12.2	3.8
Delchamps	547	2.8	–8.4	372	10.9	14.0	Archer-Daniels	577	0.8	10.5	470	8.2	10.5
Alltel	548	2.8	–17.9	481	8.0	4.8	CBS	578	0.8	105.0	711	3.6	–5.9
AMP	549	2.6	62.0	406	9.7	18.9	Roadway Services	579	0.7	–23.4	417	9.6	6.9

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ‡‡Three-year growth.

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WHO'S WHERE IN GROWTH

	Earnings per share			Sales		
Company	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Merrill Lynch	580	0.6%	68.1%	216	16.5%	21.8%
Hartmarx	581	0.6	22.4	554	6.4	–1.4
Turner	582	0.4	P-D	733	3.2	16.6
American Brands	583	0.4	–33.1	612	5.2	3.5
Constar Intl	584	0.4‡‡	–34.1	865	–1.3	–19.9
Aetna Life & Cas	585	0.3	14.5	446	8.8	10.4
Mellon Bank	586	0.3	P-D	401	9.9	–5.6
Cooper Tire & Rubber	587	0.3	32.2	485	8.0	12.6
Pinnacle West	588	0.2	–4.8	585	5.8	4.0
Dover	589	0.2	20.1	449	8.7	7.2
Duquesne Light	590	0.2	–25.0	709	3.7	3.5
Ferro	591	0.2	129.5	799	1.4	18.0
Guilford Mills	592	0.0	1.3	335	11.9	30.6
Intl Multifoods	593	0.0	112.5	627	5.0	4.3
Public Service Colo	594	0.0	80.1	680	4.3	–1.5
Norfolk Southern	595	–0.1	–13.2	727	3.3	–0.5
Morrison-Knudsen	596	–0.1	P-D	856	–0.7	–10.2
McKesson	597	–0.2	–0.5	387	10.3	1.2
RLC	598	–0.3	–64.4	553	6.5	5.3
Scotty's	599	–0.3	–9.5	338	11.8	3.6
Raychem	600	–0.5	50.7	460	8.5	17.5
Consol Freightways	601	–0.6	–13.9	267	14.3	8.0
Universal Foods	602	–0.6	47.9	686	4.2	18.1
Lubrizol	603	–0.7	7.8	764	2.5	1.9
Nalco Chemical	604	–0.8	11.9	782	2.0	9.3
Centerre Bancorp	605	–0.8	–40.5	917	–4.5	–2.5
General Host	606	–0.8	71.0	678	4.3	–4.2
Pittway	607	–0.9	–4.6	450	8.7	8.3
Liquid Air	608	–0.9	1.7	567	6.2	–1.0
Coastal Corp	609	–0.9‡	500.0+	698	3.9	6.4
Std Commercial Tob	610	–1.1	–0.9	641	4.8	19.8
Morrison	611	–1.1	93.8	396	10.1	16.9
Baxter International	612	–1.1	–40.8	121	24.0	21.5
Procter & Gamble	613	–1.2	–45.6	593	5.6	6.9
General Re	614	–1.3	80.1	230	15.9	23.2
United Banks of Colo	615	–1.4	P-D	672	4.4	8.0
Brooklyn Union Gas	616	–1.6	42.1	547	6.7	–8.2
Culbro	617	–1.7	11.3	122	24.0	–16.4
Stop & Shop Cos	618	–2.0	–14.3	288	13.4	7.2
Mead	619	–2.0‡‡	60.5	771	2.1	39.3
Pennsylvania P&L	620	–2.2	15.3	243	15.2	–4.1
Middle South Utils	621	–2.3	15.0	659	4.5	0.0
Interco	622	–2.4	13.9	852	–0.6	22.2
Dollar General	623	–2.5	–60.0	148	20.7	4.3
Chesapeake	624	–2.5	142.6	179	18.4	15.0
Johnson & Johnson	625	–2.5	121.5	635	4.8	11.8
Norwest	626	–2.6	P-D	594	5.6	–3.3
Transamerica	627	–2.7	50.9	465	8.4	15.7
Edison Bros Stores	628	–2.9	–56.9	699	3.9	3.8
Alexander's	629	–2.9‡	–54.2	830	0.2	0.5
Alco Standard	630	–2.9	35.6	357	11.3	–15.8
Gerber Products	631	–3.0	–39.6	536	7.0	2.0
Humana	632	–3.1	232.1	277	13.8	8.9
American Standard	633	–3.1	38.3	542	6.8	4.9
CPC International	634	–3.1	106.2	806	1.2	14.1
Gulf States Utils	635	–3.2	–27.0	571	6.1	–6.6
Oxford Industries	636	–3.2	–2.0	418	9.6	9.6
Owens-Corning	637	–3.2	234.2	411	9.7	–17.2
Portland General	638	–3.5	–39.3	514	7.5	–5.3
Public Service NM	639	–3.7	–19.4	205	16.9	2.4
Tracor	640	–3.9	500.0+	344	11.6	11.7
West Point-Pepperell	641	–4.0	16.4	541	6.8	14.0
Central Steel & Wire	642	–4.1	17.3	768	2.4	6.9
Zurn Industries	643	–4.3	21.4	836	–0.1	13.6
NIKE	644	–4.7	–8.5	226	16.1	–9.6
Montana Power	645	–4.9%	–55.5%	574	6.1%	1.2%
Union Camp	646	–5.1	97.0	613	5.2	13.3
Tyler	647	–5.5	–1.4	714	3.5	11.7
Brown Group	648	–5.7	51.3	813	0.8	10.2
Alberto-Culver	649	–5.8	88.2	399	9.9	0.0
DPL	650	–6.1	98.8	688	4.2	–2.7
Texas Industries	651	–6.2	P-D	259	14.5	–7.5
Foremost Corp of Am	652	–6.3	147.8	248	15.0	–2.4
DeSoto	653	–6.5	101.5	646	4.7	–6.2
Federal Paper Board	654	–6.5	127.4	290	13.4	12.7
Utah Power & Light	655	–6.6	–24.8	447	8.8	–1.7
Coleman	656	–6.6	14.2	504	7.6	20.3
Gt Northern Nekoosa	657	–6.7	262.2	493	7.9	17.9
Carlisle Cos	658	–7.5	18.5	632	4.9	14.6
Colgate-Palmolive	659	–7.5	–62.4	866	–1.4	11.2
American Building	660	–7.6	–20.5	327	12.1	8.9
Cooper Industries	661	–7.9	9.9	623	5.1	–3.3
Bowater	662	–8.0	14.0	729	3.3	26.5
Media General	663	–8.0	P-D	363	11.2	13.3
Tektronix	664	–8.1	–21.9	599	5.5	2.6
National Distillers	665	–8.2	200.0	790	1.7	16.6
Puget Sound P&L	666	–8.3	–17.6	297	13.1	–4.1
Engelhard	667	–8.8	50.0	772	2.1	8.4
Arkla	668	–8.8	25.3	922	–4.8	36.1
Sundstrand	669	–8.9	–58.3	501	7.7	–1.8
Motorola	670	–9.0	48.2	310	12.7	13.3
Dow Chemical	671	–9.0	308.9	835	–0.1	9.8
Amoco	672	–9.2	19.1	963	–7.2	–6.8
Mobil	673	–9.5	–34.1	936	–5.5	–1.8
Dennison Mfg	674	–9.6	188.8	663	4.5	4.0
Phillips Petroleum	675	–10.0	P-D	954	–6.7	–10.5
Guy F Atkinson	676	–10.0	–14.5	966	–7.8	7.0
Xerox	677	–10.7	2.6	432	9.2	13.6
Oneok	678	–11.4	–45.2	937	–5.6	–20.3
Sun Company	679	–11.4	–53.5	965	–7.5	–27.3
US Shoe	680	–11.7	–4.2	282	13.6	9.0
International Paper	681	–11.8	131.8	751	2.7	62.3
Goodyear	682	–12.2	195.9	812	0.9	–4.1
Harris Corp	683	–12.2	36.5	444	8.9	–0.5
Springs Industries	684	–12.3	202.3	442	8.9	9.3
Outboard Marine	685	–12.3	287.9	666	4.5	32.7
Savannah Foods	686	–12.4	–5.9	506	7.6	25.6
ITT	687	–12.5	111.9	1005	–14.0	–39.0
General Signal	688	–12.5	93.3	827	0.2	–7.0
Seaway Food Town	689	–13.2	96.9	855	–0.7	8.1
Litton Industries	690	–13.5	104.8	873	–2.0	–2.2
Kansas Gas & Elec	691	–14.5	37.7	464	8.4	4.7
DynCorp	692	–14.9	149.1	385	10.4	17.7
Chevron	693	–15.0	–49.9	935	–5.3	–14.2
M/A-Com	694	–15.2	P-D	604	5.4	–24.5
First RepublicBank	695	–15.3	P-D	759	2.6	7.9
Gordon Jewelry	696	–15.5	P-D	816	0.6	–20.6
Avnet	697	–15.6	28.6	631	4.9	12.3
Church's Fried	698	–15.9	–7.4	649	4.7	–16.0
Natl Convenience	699	–16.8	P-D	286	13.5	–4.6
Texaco	700	–17.6	–59.4	969	–7.9	–9.1
Foster Wheeler	701	–17.6	1.4	951	–6.6	–1.1
Pacific Lighting	702	–18.1	78.0	468	8.4	–3.1
Munford	703	–18.6	P-D	552	6.5	–5.2
Kroger	704	–18.9	81.1	409	9.7	3.7
Freeport-McMoRan	705	–18.9	500.0+	904	–3.5	40.8
Blount	706	–19.1	66.7	376	10.7	2.8
Unocal	707	–19.1	500.0+	918	–4.6	–4.1
Pennzoil	708	–19.9	D-P	940	–5.7	–12.8
Occidental Petroleum	709	–19.9	18.6	872	–1.9	12.9

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ‡‡Three-year growth.

Company	Earnings per share rank	Earnings per share 5-year average	Earnings per share latest 12 months	Sales rank	Sales 5-year average	Sales latest 12 months	Company	Earnings per share 5-year average	Earnings per share latest 12 months	Sales rank	Sales 5-year average	Sales latest 12 months
Federal-Mogul	710	–20.1%	–87.3%	691	4.1%	10.4%	**CSX**	NM	D-P	543	6.8%	14.8%
Public Service Ind	711	–20.5	3.8	524	7.3	–2.2	**Cabot**	NM	–44.5%	908	–3.7	8.7
Carpenter Technology	712	–20.5	–59.5	818	0.5	–8.8	**Caesars World**	NM	–4.4	712	3.5	12.3
American President	713	–21.3‡	500.0+	175	18.7	29.6	**Cameron Iron Works**	NM	D-D	1002	–13.0	–22.6
Eastman Kodak	714	–21.9	500.0+	794	1.6	12.9	**Carter Hawley Hale**	NM	NA	785	1.8	NA
Bearings	715	–22.2	272.0	480	8.1	2.3	**Caterpillar**	NM	–89.8	881	–2.3	4.9
KN Energy	716	–22.3	–93.3	932	–5.2	–10.5	**Champion Intl**	NM	119.3	588	5.7	–0.2
Wang Laboratories	717	–23.3	P-D	109	26.1	9.4	**Champion Spark Plug**	NM	D-P	787	1.8	12.9
Data General	718	–24.6	P-D	296	13.2	0.5	**Charter**	NM	D-P	1021	–26.2	–21.3
Gillette	719	–24.8	–63.1	718	3.5	14.7	**Cigna**	NM	D-P	397	10.1	0.6
Central Maine Power	720	–26.4	–17.0	484	8.0	9.7	**Cincinnati Milacron**	NM	–36.4	861	–1.2	0.7
United Telecom	721	–27.3	P-D	521	7.4	–6.7	**Clark Equipment**	NM	D-D	824	0.3	2.6
Univar	722	–28.2	22.0	533	7.0	85.3	**Coleco Industries**	NM	P-D	143	21.1	–12.0
Farm House Foods	723	–28.7	P-D	1012	–15.7	4.7	**Columbia Gas System**	NM	31.7	942	–5.9	–23.2
First Security	724	–32.2	–42.4	700	3.9	–10.7	**Combustion Eng**	NM	–10.5	975	–8.7	15.3
United Technologies	725	–33.9	–62.0	737	3.2	8.8	**Commercial Credit**	NM	5.9	670	4.4	–0.4
Staley Continental	726	–34.9	68.2	345	11.6	12.9	**Computervision**	NM	D-P	300	12.9	14.7
Mitchell Energy	727	–35.3	–81.8	979	–9.2	–24.3	**Continental Illinois**	NM	P-D	1015	–17.5	0.5
Air Prods & Chems	728	–35.9	500.0+	628	4.9	7.6	**Control Data**	NM	D-D	770	2.2	–2.4
Enron	729	–36.0	P-D	139	21.3	–35.2	**Copperweld**	NM	D-P	1007	–14.6	–35.2
Wickes Cos	730	–44.6‡‡	114.8	701	3.9	40.2	**Craig**	NM	318.6	1022	–38.1	500.0
Texas Eastern	731	–58.6	D-P	867	–1.4	–18.5	**Crane**	NM	122.7	916	–4.2	8.4
AH Robins		NM	19.7	318	12.3	8.7	**Crown Central Pet**	NM	D-D	946	–6.4	–14.4
AM International		NM	D-D	811	1.0	68.8	**Cummins Engine**	NM	D-P	572	6.1	20.2
AMAX		NM	D-P	998	–12.5	106.9	**DWG**	NM	D-P	48	37.9	4.2
AO Smith		NM	–44.2	660	4.5	5.6	**Datapoint**	NM	D-D	925	–4.9	–4.0
Advanced Micro		NM	D-D	178	18.5	45.3	**DeKalb**	NM	D-P	943	–6.2	–13.2
Alcan Aluminium		NM	D-P	656	4.6	8.0	**Deere**	NM	D-D	957	–6.8	–5.4
Alcoa		NM	D-P	826	0.2	10.2	**Delta Air Lines**	NM	229.5	566	6.2	31.7
Alexander & Alex		NM	500.0+	415	9.6	9.1	**Di Giorgio**	NM	P-D	652	4.6	6.0
Allegheny Intl		NM	D-D	970	–7.9	–40.2	**Diversified Energies**	NM	D-P	551	6.5	–23.8
Allegis		NM	94.0	373	10.8	–2.5	**Dravo**	NM	P-D	995	–12.3	–24.8
Allen Group		NM	P-D	683	4.3	0.8	**Dresser Industries**	NM	D-D	901	–3.2	–18.8
Allied Bancshares		NM	P-D	292	13.4	–9.1	**EF Hutton Group**	NM	P-D	201	17.1	–1.8
Allied-Signal		NM	D-P	298	13.0	–1.6	**Eagle-Picher Inds**	NM	D-P	746	2.8	0.9
Amerada Hess		NM	D-P	994	–12.1	–13.4	**Earle M Jorgensen**	NM	P-D	905	–3.6	9.5
American Hoist		NM	D-D	974	–8.3	–16.5	**Eastern Gas & Fuel**	NM	–70.6	825	0.2	–35.1
American Maize		NM	500.0+	577	5.9	7.2	**Ecolab**	NM	81.4	650	4.7	9.3
American Medical		NM	D-P	128	23.6	8.6	**Edgcomb**	NM	P-D	20	62.3	–5.7
American Petrofina		NM	D-P	887	–2.8	8.2	**Emery Air Freight**	NM	D-D	375	10.8	26.1
Amfac		NM	D-D	849	–0.4	–8.0	**Emhart**	NM	D-P	739	3.1	19.0
Ampco-Pittsburgh		NM	D-D	779	2.0	–24.4	**Empire of America**	NM	P-D	62	31.5	–5.3
Armco		NM	D-P	1011	–15.4	–1.0	**Enserch**	NM	D-P	914	–3.9	–5.9
Armtek		NM	D-P	473	8.2	49.8	**Entex**	NM	D-D	919	–4.7	–3.3
Arrow Electronics		NM	D-D	423	9.4	13.0	**Fairchild Industries**	NM	P-D	992	–11.8	–47.6
Asarco		NM	D-P	953	–6.7	6.3	**Fedl Natl Mortgage**	NM	43.[illegible]	319	12.2	–6.5
Ashland Oil		NM	–30.6	920	–4.8	–1.7	**Finl Corp of Amer**	NM	P-D	24	56.7	–10.6
Atlantic Richfield		NM	41.3	986	–10.6	–4.3	**Firestone**	NM	500.0+	899	–3.1	2.7
Avon Products		NM	D-P	838	–0.1	13.4	**First City Bancorp**	NM	D-D	859	–0.9	–24.6
BF Goodrich		NM	D-P	883	–2.4	–26.1	**Fischbach**	NM	D-D	845	–0.3	–0.2
Baker Hughes		NM	D-D	964	–7.3‡	–30.2	**Fisher Foods**	NM	D-D	1000	–12.9	–10.2
Bally Manufacturing		NM	60.4	402	9.8	8.2	**Fluor**	NM	D-D	976	–8.8	–2.5
BankAmerica		NM	D-D	912	–3.8	–19.0	**Foxboro**	NM	D-D	875	–2.1	–8.7
Barnes Group		NM	–0.4	851	–0.6	1.0	**GAF**	NM	38.9	734	3.2	8.6
Beneficial Corp		NM	D-D	981	–9.4	–44.6	**GATX**	NM	83.1	1004	–13.7	–4.4
Best Products		NM	D-D	289	13.4	–6.9	**GTE**	NM	D-P	523	7.4	–0.2
Bethlehem Steel		NM	D-P	960	–7.1	–3.4	**Gearhart Industries**	NM	D-D	437	9.1	–46.2
Black & Decker		NM	93.9	500	7.7	8.0	**Gelco**	NM	D-D	871	–1.7	–0.9
Borman's		NM	–0.4	802	1.3	15.1	**General Dynamics**	NM	–95.9	359	11.3	4.3
Burlington Northern		NM	D-P	272	14.0	–11.9	**General Instrument**	NM	D-D	915	–4.2	27.3
Business Men's Assur		NM	D-P	440	9.0	9.6	**Genesco**	NM	D-P	928	–5.1	–14.6
Butler Manufacturing		NM	–70.7	570	6.1	9.3	**Getty Petroleum**	NM	–61.6	32	43.9	–4.9
CBI Industries		NM	–66.5	662	4.5	–13.5	**Gould**	NM	D-P	987	–10.7	–11.4
CMS Energy		NM	D-P	705	3.8	–9.8	**Great American Mgmt**	NM	D-P	36	42.9	48.1
CNW		NM	500.0+	814	0.7	–0.2	**Grossman's**	NM	D-P	931	–5.1	–15.7

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ‡‡Three-year growth.

WHO'S WHERE IN GROWTH

Company	Earnings per share			Sales	
	5-year average	latest 12 months	rank	5-year average	latest 12 months
Gulf & Western	NM	38.2%	1006	–14.5%	22.8%
HH Robertson	NM	D-D	877	–2.1	–5.4
Halliburton	NM	D-P	1008	–14.9	–18.1
Handy & Harman	NM	D-D	837	–0.1	6.7
Harnischfeger Inds	NM	D-P	763	2.5	45.3
Honeywell	NM	P-D	783	1.9	–8.9
IC Industries	NM	D-P	792	1.6	–5.2
IU International	NM	D-P	945	–6.4	–5.4
Ideal Basic Inds	NM	D-D	990	–10.9	–12.7
Ingersoll-Rand	NM	96.9	888	–2.8	–3.1
Inland Steel Inds	NM	D-P	869	–1.6	9.1
Integrated Resources	NM	500.0+	41	40.5	36.3
Intel	NM	D-P	329	12.1	37.7
Intermark	NM	D-P	68	30.3	10.4
Interstate Bakeries	NM	–26.2	769	2.3	6.3
Intl Minerals & Chem	NM	D-P	955	–6.7	32.6
JP Stevens	NM	38.6	896	–3.0	–8.5
KaiserTech	NM	D-D	968	–7.8	–5.2
Kansas City Southern	NM	P-D	559	6.3	7.3
Kerr Glass Mfg	NM	D-P	1010	–15.4	–0.5
Kerr-McGee	NM	D-P	952	–6.7	–10.2
Koppers	NM	D-P	939	–5.7	3.3
LB Foster	NM	D-D	839	–0.2	–39.8
LTV	NM	D-D	596	5.5	1.3
Lafarge	NM	119.7	692	4.0	20.6
Lone Star Industries	NM	276.8	843	–0.2	–9.1
Lorimar-Telepictures	NM	D-D	56	33.5	23.0
Louisiana Land	NM	D-D	956	–6.7	–15.1
Lukens	NM	335.0	803	1.2	18.1
MCI Communications	NM	P-D	35	43.1	12.6
MCorp	NM	D-D	135	22.3	–17.7
Mack Trucks	NM	D-P	515	7.5	7.3
Manhattan Industries	NM	P-D	820	0.4	–14.9
Manville	NM	88.0	862	–1.2	7.0
Martin Marietta	NM	7.4	519	7.4	8.5
Mattel	NM	P-D	876	–2.1	2.6
McDermott Intl	NM	P-D	944	–6.3	2.0
Meritor Financial	NM	D-D	154	20.5	2.7
Michigan National	NM	28.2	774	2.1	4.2
Monsanto	NM	500.0+	817	0.6	4.2
Moore McCormack	NM	D-P	967	–7.8	–11.6
Murphy Oil	NM	P-D	985	–10.1	–11.9
NL Industries	NM	D-D	996	–12.3	–3.6
National Intergroup	NM	D-D	864	–1.3	15.8
National-Standard	NM	P-D	886	–2.6	8.0
Natl Semiconductor	NM	D-D	419	9.5	20.0
Newmont Mining	NM	350.0	991	–11.7	–37.6
Nicor	NM	D-P	878	–2.2	–16.7
No Indiana Pub Svc	NM	D-P	797	1.5	–16.7
Northwestern Steel	NM	75.6	927	–5.0	11.6
Norton	NM	D-D	890	–2.9	2.7
Ogden	NM	D-P	1018	–19.1	–8.4
Olin	NM	–8.7	884	–2.4	8.5
Omnicom Group	NM	500.0+	388	10.3‡‡	5.4
Orion Capital	NM	D-D	268	14.2	5.3
PS Group	NM	500.0+	217	16.4	–46.8
Pacific Resources	NM	–90.3	895	–3.0	–3.0
Panhandle Eastern	NM	D-D	924	–4.9	–28.6
Penn Central	NM	21.9	950	–6.5	–33.7
Pennwalt	NM	57.3	800	1.4	6.9
Perini	NM	152.8	894	–3.0	–4.1
Phelps Dodge	NM	120.7	973	–8.1	52.6
Pittston	NM	50.0	1003	–13.5	4.5
Premier Bancorp	NM	D-D	309	12.7	–3.9
Public Service NH	NM	–5.0	690	4.1	0.6
Resorts Intl	NM	D-D	668	4.4%	8.4%
Reynolds Metals	NM	252.2	773	2.1	8.8
Roper Corp	NM	55.3	528	7.2	23.7
Ross Stores	NM	P-D	9	90.3‡‡	25.6
Santa Fe Southern	NM	–96.1	860	–1.0	–5.6
Schlumberger	NM	D-D	893	–3.0	–23.5
Service Merchandise	NM	D-D	138	21.7	10.1
Smith International	NM	D-D	1013	–17.0	–46.3
Sonat	NM	D-D	948	–6.5	–26.1
Soo Line	NM	D-D	192	17.6	–4.8
St Paul Cos	NM	71.8	435	9.1	8.9
Stewart & Stevenson	NM	D-P	988	–10.8	9.1
Stewart-Warner	NM	P-D	889	–2.9	–3.6
Stone Container	NM	500.0+	42	40.1	62.4
Storage Technology	NM	–68.2	972	–8.0	6.7
TIE/Communications	NM	D-D	155	20.2	–18.3
TRW	NM	87.2	720	3.5	11.1
Tenneco	NM	D-D	854	–0.6	–4.3
Tesoro Petroleum	NM	D-D	984	–10.0	–10.4
Texas American Bcsh	NM	D-D	587	5.7	–16.0
Texas Instruments	NM	D-P	685	4.2	11.3
Thorn Apple Valley	NM	D-D	636	4.8	–2.9
Timken	NM	D-D	897	–3.0	5.5
Todd Shipyards	NM	D-D	1001	–12.9	–15.8
Tosco	NM	D-D	1020	–25.2	8.6
Transco Energy	NM	D-D	828	0.2	–14.6
Triangle Industries	NM	–39.1	23	58.3	75.6
Trinity Industries	NM	–42.5	930	–5.1	12.8
Turner Broadcasting	NM	D-D	47	38.2	24.7
UGI	NM	D-P	949	–6.5	–5.9
UNC	NM	115.2	308	12.7	16.0
US Home	NM	D-P	898	–3.1	–1.2
USF&G	NM	–12.2	274	13.9	10.8
USLife	NM	–0.9	595	5.6	7.1
USX	NM	D-D	821	0.3	–22.5
Union Carbide	NM	–76.8	947	–6.4	–5.7
Union Pacific	NM	D-P	748	2.8	–19.4
Union Texas	NM	D-D	982	–9.8‡	–25.7
Unisys	NM	P-D	258	14.6	43.5
Valero Energy	NM	D-P	809	1.0	–57.1
Varian Associates	NM	D-P	455	8.6	10.3
WR Grace	NM	P-D	977	–8.8	–20.6
Warner Comm	NM	3.6	971	–8.0	19.9
Warner-Lambert	NM	D-P	863	–1.3	10.9
Wendy's Intl	NM	–84.6	170	19.2	–9.2
Western Co No Amer	NM	D-D	1017	–19.0	–45.4
Western Union	NM	D-D	819	0.4	–18.1
Westmoreland Coal	NM	–63.3	775	2.1	–1.5
Wheeling-Pittsburgh	NM	D-D	891	–2.9	25.6
Whittaker	NM	D-P	1019	–21.4	–27.3
Williams Cos	NM	D-D	580	5.9	–31.6
Wilson Foods	NM	D-P	983	–9.8	–7.3
Wyman-Gordon	NM	D-D	980	–9.3	–9.7
Zapata	NM	D-D	1009	–14.9	–37.0
Zenith Electronics	NM	D-D	439	9.0	27.8
Alco Health Services	NA	15.8	99	27.6	34.8
Allegheny Ludlum	NA	NA	629	4.9‡	NA
Allis-Chalmers	NA	D-D	1014	–17.3	–15.8
AmeriFirst Federal	NA	NA	502	7.6	–22.3
American Tel & Tel	NA	–81.1		NA	–3.3
Anchor Glass	NA	–15.8	237	15.6	11.7
Anchor Savings Bank	NA	NA	65	31.1‡	–5.5
Aristech Chemical	NA	NA	833	0.0	NA
Atlantic Financial	NA	–77.4	33	43.8	19.9
Bear Stearns Cos	NA	–27.9	86	28.4	15.9

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ‡‡Three-year growth.

WHO'S WHERE IN GROWTH

Company	Earnings per share 5-year average	Earnings per share latest 12 months	Sales rank	Sales 5-year average	Sales latest 12 months
Benj Franklin S&L	NA	NA	619	5.2%‡‡	–5.6%
Boys Markets	NA	NA	539	6.9‡	NA
Businessland	NA	200.0%	3	237.4‡‡	44.2
Carteret Bancorp	NA	11.8	92	28.0	2.3
Castle & Cooke	NA	–48.8		NA	5.5
CenTrust Savings Bk	NA	D-D	80	28.8	20.7
Child World	NA	0.0	132	22.9	25.4
Coast S&L Assoc	NA	23.7	160	19.6	18.1
Costco Wholesale	NA	–6.7		NA	83.7
CrossLand Savings FSB	NA	3.9	188	17.8	16.5
Cyprus Minerals	NA	D-P	488	8.0	–9.1
Diamond Shamrock	NA	NA	978	–9.2‡‡	–11.7
Dime Savings Bank	NA	NA	425	9.4	2.3
E-II Holdings	NA	NA	445	8.8‡	9.3
Fireman's Fund	NA	105.4	606	5.4	14.7
First Pennsylvania	NA	D-D	923	–4.9	–3.8
Florida Federal S&L	NA	D-D	198	17.4	–2.7
Foodmaker	NA	42.9	719	3.5‡	7.5
Fruit of the Loom	NA	NA	532	7.0‡	27.9
GM Hughes Electron	NA	10.1	112	25.7	0.4
General Refractories	NA	122.2	879	–2.2	–29.2
Georgia Gulf	NA	109.6	342	11.6‡	10.6
Goldome	NA	NA	172	19.0‡	NA
Henley Group	NA	NA	66	30.7	8.8
Hills Dept Stores	NA	NA	671	4.4‡	NA
Himont	NA	95.1		NA	11.0
Home Group	NA	500.0+	900	–3.2	10.8
Home Shopping	NA	50.0		NA	263.5
IBP	NA	NA	544	6.8‡	NA
Imperial Corp of Am	NA	186.4	196	17.5	8.7
Inco	NA	D-P	868	–1.5	10.3
Inspiration Resources	NA	D-D	517	7.5%	5.4%
Leslie Fay Cos	NA	–18.3%	169	19.3	3.9
Masco Industries	NA	313.2	384	10.4	105.0
Maxus Energy	NA	NA		NA	NA
Morgan Stanley	NA	30.0	59	32.8	28.4
Navistar Intl	NA	P-D	989	–10.9	4.7
Neiman-Marcus Group	NA	NA	204	17.0‡	NA
PACE Membership	NA	D-P	2	242.8‡‡	74.7
Pan Am	NA	P-D	909	–3.7	11.9
Pay'n Save	NA	NA		NA	NA
Premark Intl	NA	P-D	761	2.5‡	12.7
Pullman	NA	–5.0	5	166.3‡	8.4
SSMC	NA	NA	993	–11.9	7.8
Savin	NA	D-D	902	–3.3	–7.0
Standard Fedl Bank	NA	NA	43	39.4	3.0
TCF Banking & Sav	NA	–65.6	166	19.4	–7.4
Talman Home Fedl	NA	NA	633	4.9	–8.8
Texas Air	NA	P-D	60	32.7	271.6
Tiger International	NA	D-P	961	–7.1	4.8
Toro	NA	32.6	313	12.6	48.2
Trans World Airlines	NA	D-P	846	–0.3	26.2
UNUM Corp	NA	NA	209	16.8	2.5
United Financial	NA	D-D	78	28.9	–2.1
United Merchants	NA	D-D	564	6.2	–2.3
Varity Corp	NA	P-D	999	–12.8	12.3
Viacom	NA	NA	81	28.7	15.9
Vista Chemical	NA	P-D	665	4.5	10.7
Vons Cos	NA	NA	602	5.5‡	NA
Western Auto Supply	NA	NA	687	4.2	20.6
York International	NA	NA	708	3.7	31.9

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ‡‡Three-year growth.

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"Where were you when I was trying to get into the Russian one?"

We may not have been around in 1812 to help Napoleon, but ever since the Tokyo Stock Exchange opened its doors to foreign companies, we have been a leading contributor in helping them to list their shares. The number totals 20, more than a third of the foreign names currently listed. In 1986 we handled nearly 30% of the total trading of foreign stocks, and our unrivaled market authority means the shares we have helped to list have turned out to be those most heavily traded. In August and September 1986 Eastman Kodak and Chrysler were listed; later PepsiCo, Inc., BTR plc, American Information Technologies Corp. and Weyerhaeuser Co.; and in February this year Pharmacia Aktiebolag of Sweden followed suit – all with a little help from Daiwa. So if you have a yen to get into the Japanese capital market, it is good strategy to consult us. Napoleon would agree.

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WHO'S WHERE IN THE STOCK MARKET

In less than a month, the stock market gave up half of what it had taken five years to gain. That brought the long-term return on stocks from the superlative down to the merely good.

By Steve Kichen

A YEAR AGO THE 1,012 companies in this survey boasted an average five-year stock price gain of 165.2%. The mid-October plunge in stock prices cut that gain by more than half, to just under 80%. Still, a gain of nearly 80% over five years works out to a compound annual gain of 12.4%. Not magnificent, but not bad, either.

In this year's group only 21% show a lower price now than they did five years ago. Meanwhile, 17% are up at least 25%. Another 53% gained 45% or more. Exactly 100 industry survey stocks—under 1 in 10—gained 200% or more in the last half-decade. In all, stocks were a good place to have been—even if you were caught in the October crash.

Circuit City Stores, a Richmond, Va.-based consumer electronics retailer, tops FORBES' five-year performance list. Despite a severe beating last fall it still showed a 1,048% increase. This rapidly growing company operates electronics supermarkets. Runner-up was Tyson Foods, a poultry processor, up 921%. Gains of 600% or more were posted by Mayfair Super Markets, United Artists, Minstar, Marion Laboratories, Triangle Industries and Liz Claiborne. (The last named is 1987's most innovative company in the apparel industry. See page 75.)

Where were investors burned? Worst cases were three banks, two in Texas: First City Bancorp fell 96.9%; Financial Corp. of America, 89.9%; and MCorp, 86.2%. Western Union lost 94.7% of its value over the past five years. The third-worst performance came from Storage Technology, which lost 93.5% and is now working its way out of Chapter 11 bankruptcy proceedings. Savin Corp. fell 91.3%.

There's a lesson here—though a hard one to profit from. The lesson is that yesterday's leaders often become tomorrow's laggards—and vice versa. The aforementioned Savin and Storage Technology were once Wall Street leaders. In 1980 Savin showed a 1,457% five-year gain; an increase of 1,226% gave Storage Technology fourth place in 1982. By contrast, in 1982 Ford and Great Atlantic & Pacific Tea were among the worst-performing stocks. This year they are in the top 30 in five-year gains. For some thoughts on how to profit from these inevitable reverses in fortune see page 50.

Where does the market go from here? It is well to remember that the stock market is not cheap—even after losing a third of its value in a couple of weeks last autumn. The Wilshire index was selling at 23 times earnings prior to the October crash, but it's still not a bargain selling at about 16 times earnings. There is one strong positive that ought to be reassuring to the contrarians among us: It was difficult at the end of the year to find a flaming optimist anywhere. ■

WHO'S WHERE IN THE STOCK MARKET

Rank 87	Rank 86	Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/earnings ratio	Price/sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/recent price
196	203	**Abbott Laboratories**	137.4	67 –17⅛	46	$2.64	17.4	2.48	$1.00	2.2%	$ 7.77	0.17
792	375	**Advanced Micro**	–18.4	44⅛– 9½	10¼	–0.96	def	0.90	none	0.0	7.26	0.71
588	765	**Aetna Life & Cas**	35.4	68¼–27¼	49¼	7.76	6.3	0.25	2.76	5.6	49.13	1.00
421	138	**HF Ahmanson**	67.6	28¾– 5¼	15½	2.40	6.5	0.56	0.88	5.7	17.14	1.11
318	581	**Air Prods & Chems**	99.3	53⅞–15½	36¼	2.83	12.8	0.95	1.00	2.8	19.21	0.53
763	NR	**Airborne Freight**	–10.5	36 –11½	12¾	1.63	7.8	0.14	0.60	4.7	15.65	1.23
89	NR	**Alberto-Culver**	212.3	28¼– 4½	19	1.28	14.8	0.51	0.24	1.3	8.37	0.44
269	190	**Albertson's**	113.7	34 – 9⅞	25¼	1.65	15.3	0.30	0.48	1.9	8.90	0.35
599	733	**Alcan Aluminium**	31.8	37⅞–14⅞	24½	2.12	11.6	0.60	0.60	2.4	19.84	0.81
NR	NR	**Alco Health Services**	NA	25½–10½	12⅛	1.39	9.0	0.09	none	0.0	9.89	0.79
633	505	**Alco Standard**	24.2	30 –13⅛	18⅝	1.81	10.3	0.23	0.68	3.6	10.60	0.57
811	806	**Alexander & Alexander**	–22.2	42⅜–17	19¾	1.43	13.8	0.74	1.00	5.1	7.74	0.39
57	48	**Alexander & Baldwin**	263.7	64 – 9⅜	39¼	4.44	8.8	1.64	1.36	3.5	19.95	0.51
48	124	**Alexander's**	288.4	59 – 9¼	37⅜	0.27	NM	0.32	none	0.0	18.68	0.50
920	923	**Allegheny Intl**	–79.8	36¼– 4½	5⅝	–25.18	def	0.05	none	0.0	8.70	1.55
NR	NR	**Allegheny Ludlum**	NA	34 –15⅛	19¼	NA	NA	0.52	0.40	2.1	1.21	0.06
454	261	**Allegheny Power**	61.1	53½–21	38¼	4.12	9.3	1.05	2.92	7.6	26.94	0.70
262	185	**Allegis**	115.8	105⅞–27⅞	71¾	1.94	37.0	0.47	1.00	1.4	45.69	0.64
812	675	**Allen Group**	–22.3	27¼– 7½	7¾	–2.37	def	0.15	0.56	7.2	14.21	1.83
911	892	**Allied Bancshares**	–72.8	27½– 4	5⅛	–5.70	def	0.25	none	0.0	14.78	2.88
527	719	**Allied-Signal**	48.3*	54½–18½	32	3.39	9.4	0.49	1.80	5.6	21.05	0.66
926	949	**Allis-Chalmers**	–84.6	19⅜– 1⅜	1½	–1.87	def	0.03	none	0.0	–1.04	NE
321	397	**Alltel**	98.5	34⅛–13¼	28¼	1.92	14.7	1.28	1.52	5.4	15.53	0.55
556	730	**Alcoa**	43.2	64¾–29¼	44⅜	2.95	15.0	0.75	1.20	2.7	41.99	0.95
218	704	**AM International**	131.6	9⅜– 1⅞	5½	–0.09	def	0.24	none	0.0	4.22	0.77
807	944	**AMAX**	–21.2	32¾–10½	17⅛	2.17	7.9	0.56	none	0.0	10.76	0.63
325	702	**Amdahl**	97.5	50⅛– 9½	29⅜	2.37	12.4	1.12	0.20	0.7	10.38	0.35
744	819	**Amerada Hess**	–5.0	41⅞–16½	23¾	2.88	8.2	0.45	0.60	2.5	24.29	1.02
797	518	**American Bankers**	–19.1	17¼– 7½	7⅝	–2.51	def	0.15	0.50	6.6	12.39	1.62
344	453	**American Brands**	87.5	60 –21¾	43	2.10	20.5	0.82	2.20	5.1	22.95	0.53
804	NR	**American Building**	–20.5	30⅛–16½	16½	1.05	15.7	0.12	0.90	5.5	18.09	1.10
38	13	**American Continental**	312.7	13 – 3⅛	6⅞	1.04	6.6	0.17	none	0.0	4.87	0.71
261	328	**American Cyanamid**	115.8	57 –16½	37½	3.48	10.8	0.84	1.05	2.8	18.70	0.50
538	632	**American Electric**	46.5	31⅝–15⅛	26	2.92	8.9	1.03	2.26	8.7	20.71	0.80
503	365	**American Express**	53.3	40⅝–12½	24⅜	2.30	10.7	0.60	0.76	3.1	12.60	0.51
24	20	**American Family**	350.0	18¾– 2¾	13	1.42	9.2	0.59	0.24	1.8	5.55	0.43
413	348	**American General**	70.0	46¾–17⅝	31⅜	4.64	6.8	0.62	1.25	4.0	33.06	1.05
773	224	**American Greetings**	–13.9	42 –15⅜	16¼	1.75	9.3	0.45	0.66	4.1	16.32	1.00
866	914	**American Hoist**	–40.8	17⅜– 4⅜	6⅞	–8.18	def	0.15	none	0.0	6.17	0.90
466	520	**American Home Prod**	58.1	96¾–41¾	70¾	5.60	12.6	2.07	3.34	4.7	16.01	0.23
303	494	**American Intl Group**	104.1	83¾–25½	64½	6.46	10.0	1.00	0.25	0.4	28.91	0.45
668	484	**American Maize**	15.2	26⅝–10	12⅜	2.31	5.4	0.14	0.52	4.2	22.59	1.82
897	862	**American Medical**	–55.8	37¼–10⅝	12⅛	1.26	9.6	0.39	0.72	5.9	10.21	0.84
434	247	**American Natl Ins**	65.6	50¾–14	25¼	6.91	3.7	0.83	1.32	5.2	48.58	1.92
723	858	**American Petrofina**	0.4	75 –38⅜	59¼	5.72	10.4	0.34	none	0.0	49.61	0.84
537	731	**American President**	47.4†	51 –11⅞	28½	3.24	8.8	0.34	0.50	1.8	26.48	0.93
655	712	**American Standard**	18.8	55 –22⅞	35⅝	3.68	9.7	0.34	1.80	5.1	25.27	0.71
180	60	**American Stores**	144.6	86¼–18¾	53	4.01	13.2	0.11	0.84	1.6	29.31	0.55
448	713	**American Tel & Tel**	62.2†	3[illegible]⅞–14⅞	29	0.31	NM	0.93	1.20	4.1	12.66	0.44
NR	NR	**AmeriFirst Federal**	NA	20 – 8	12½	NA	NA	0.33	none	0.0	16.54	1.32
319	562	**Ameritech**	98.8†	101½–41⅜	85½	9.05	9.4	1.29	5.00	5.8	53.23	0.62
309	327	**AmeriTrust**	102.8	27¼– 8⅛	18⅛	0.69	26.3	0.83	1.00	5.5	19.86	1.10
317	33	**Ames Dept Stores**	99.3	34⅝– 5⅜	11⅛	0.64	17.4	0.21	0.10	0.9	10.51	0.94
531	672	**Ametek**	47.8	19¾– 8¼	12⅝	0.92	13.7	0.92	0.60	4.8	5.28	0.42
646	838	**Amfac**	21.2	40¾–18⅛	31½	–2.04	def	0.25	none	0.0	22.45	0.71
415	740	**Amoco**	69.8*	90¼–38¼	67½	4.49	15.0	0.89	3.30	4.9	44.29	0.66
648	NR	**Amoskeag**	19.9	91 –15	18⅞	2.48	7.6	0.02	0.60	3.2	42.64	2.26
339	488	**AMP**	89.4	71½–20⅝	43	2.09	20.6	2.12	0.90	2.1	10.50	0.24
700	819	**Ampco-Pittsburgh**	5.3	24 –11⅛	12½	–3.75	def	0.35	0.30	2.4	15.14	1.21
606	80	**AMR**	30.3	65½–18½	32¼	3.36	9.6	0.28	none	0.0	42.30	1.31
203	NR	**AmSouth Bancorp**	134.8	38½–10⅛	24⅛	3.22	7.5	0.92	1.16	4.8	19.71	0.82
NR	NR	**Anchor Glass**	NA	30½–10½	16⅜	1.52	10.8	0.35	0.08	0.5	4.38	0.27
NR	NR	**Anchor Savings Bank**	NA	13 – 4½	5¾	NA	NA	0.15	none	0.0	19.80	3.44
99	163	**Anheuser-Busch Cos**	201.2	40⅛– 9	32⅜	1.98	16.4	1.07	0.60	1.9	8.74	0.27

Note: Except as indicated, price changes are from Dec. 31, 1982 to Nov. 18, 1987. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. *Price change does not reflect the value of shares received in a spinoff. †Four-year price change. ††Three-year price change. ‡Does not include stock dividends given in another company as part of the dividend. NA: Not available. NE: Negative equity. NM: Not meaningful. def: Deficit.

Sources: Forbes; William O'Neil & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 87	Rank 86	Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
396	456	**AON**	74.7	32¾– 13	24⅛	$3.31	7.3	0.71	$1.20	5.0%	$17.09	0.71
186	662	**Apple Computer**	142.7	59¾– 7⅛	36¼	1.65	22.0	1.71	0.32	0.9	5.54	0.15
402	538	**Archer-Daniels**	72.6	27¾– 8⅜	19⅜	1.64	11.8	0.56	0.10	0.5	13.71	0.71
59	26	**Arden Group**	254.8	63 – 4⅞	27½	2.98	9.2	0.16	1.20	4.4	15.70	0.57
NR	NR	**Aristech Chemical**	NA	39 – 16¾	21⅛	2.31	9.1	0.64	0.72	3.4	11.97	0.57
233	59	**Arkansas Best**	125.3	30¼– 3⅞	10	0.69	14.5	0.14	0.36	3.6	10.93	1.09
758	794	**Arkla**	–9.3	29⅞– 15⅝	15⅞	1.24	12.8	0.75	1.08	6.8	10.65	0.67
873	950	**Armco**	–43.5	23⅜– 4⅛	9¼	1.51	6.1	0.28	none	0.0	6.57	0.71
221	173	**Armstrong World Inds**	130.3	47⅜– 10⅝	28½	3.00	9.5	0.60	0.90	3.2	16.86	0.59
680	583	**Armtek**	11.5	29½– 11¾	17	2.08	8.2	0.14	0.48	2.8	18.74	1.10
906	927	**Arrow Electronics**	–67.5	34 – 3⅛	6¼	–0.75	def	0.07	none	0.0	9.46	1.51
378	148	**Arvin Industries**	78.9	39¾– 7¾	17	2.60	6.5	0.23	0.68	4.0	15.93	0.94
808	903	**Asarco**	–21.4	44¼– 10	22⅞	3.89	5.9	0.75	none	0.0	20.42	0.89
369	603	**Ashland Oil**	80.2	71¾– 20¾	52¼	4.27	12.2	0.25	1.80	3.4	29.84	0.57
785	NR	**Guy F Atkinson**	–17.9††	20¼– 12⅝	13⅛	1.06	12.4	0.12	0.64	4.9	21.41	1.63
123	250	**Atlanta Gas Light**	180.0	26⅜– 7¾	21⅞	2.04	10.7	0.41	1.76	8.0	16.74	0.77
484	446	**Atlantic Energy**	56.0	46⅝– 19⅞	32⅜	3.42	9.5	0.93	2.68	8.3	25.67	0.79
832	NR	**Atlantic Financial**	–27.1†	19⅛– 6¼	6⅜	0.52	12.3	0.04	0.28	4.4	27.95	4.38
403	747	**Atlantic Richfield**	72.3	99⅛– 36¾	72⅜	5.17	14.0	0.84	4.00	5.5	28.79	0.40
228	324	**Automatic Data**	126.4	54½– 14¾	41⅞	1.84	22.8	2.25	0.44	1.1	11.29	0.27
312	298	**Avery International**	101.4	29¼– 8⅜	18¼	1.67	10.9	0.57	0.42	2.3	8.79	0.48
822	769	**Avnet**	–23.7	50 – 18½	22⅞	0.81	28.2	0.50	0.50	2.2	18.42	0.81
761	827	**Avon Products**	–9.8	38⅝– 17⅞	24⅛	2.23	10.8	0.53	2.00	8.3	9.76	0.40
541	367	**Bairnco**	46.1*	42⅛– 15½	23¼	2.64	8.8	0.39	0.80	3.4	18.25	0.78
NR	NR	**Baker Hughes**	NA	27¼– 11⅝	14	–2.22	def	0.85	0.46	3.3	9.53	0.68
195	110	**Ball Corp**	137.5	48½– 11¼	34	2.75	12.4	0.74	0.96	2.8	15.85	0.47
862	882	**Bally Manufacturing**	–39.0	28⅛– 10½	14¼	1.62	8.8	0.25	0.20	1.4	15.88	1.11
251	257	**Baltimore G&E**	119.1	39⅞– 13⅞	31½	3.46	9.1	1.35	1.90	6.0	20.73	0.66
474	301	**Banc One**	57.3	33⅛– 12⅛	22¼	1.98	11.2	1.13	0.92	4.1	13.81	0.62
327	344	**Bank of Boston**	96.7	38 – 9⅝	22⅛	1.83	12.1	0.35	1.00	4.5	24.47	1.11
NR	245	**Bank of New England**	NA	39½– 21⅜	24⅛	2.73	8.8	0.67	1.24	5.1	22.45	0.93
387	343	**Bank of New York**	77.2	46¾– 15½	29⅜	0.98	30.0	0.48	1.80	6.1	31.76	1.08
901	880	**BankAmerica**	–57.8	25½– 5¼	8½	–6.53	def	0.13	none	0.0	20.78	2.44
433	402	**Bankers Trust NY**	65.7	55¼– 17⅞	30¾	–2.60	def	0.45	1.66	5.4	38.78	1.26
248	NR	**CR Bard**	119.8	50¼– 9½	33¼	2.03	16.4	1.56	0.48	1.4	9.11	0.27
363	617	**Barnes Group**	81.0	40¾– 17⅛	31	2.53	12.3	0.44	1.20	3.9	19.27	0.62
149	191	**Barnett Banks**	162.5	41¾– 10½	31½	3.14	10.0	0.79	0.92	2.9	19.06	0.61
482	714	**Bausch & Lomb**	56.3	49⅝– 17½	35¾	2.70	13.2	1.32	0.86	2.4	16.31	0.46
737	800	**Baxter International**	–3.9	31⅜– 11¾	23¼	1.00	23.3	0.84	0.44	1.9	12.20	0.52
236	264	**BayBanks**	125.0	52 – 13¼	33¾	4.52	7.5	0.68	1.44	4.3	28.30	0.84
NR	NR	**Bear Stearns Cos**	NA	25⅜– 8	10¾	1.72	6.2	0.45	0.48	4.5	9.27	0.86
750	828	**Bearings**	–8.0	45¾– 28⅜	33⅛	1.86	17.8	0.25	1.00	3.0	33.85	1.02
205	540	**Becton Dickinson**	134.1	69 – 15⅜	49¾	3.42	14.5	1.25	0.86	1.7	19.62	0.39
44	137	**Bell & Howell**	301.7	75¼– 12¾	60¼	2.24	26.9	0.70	0.62	1.0	25.88	0.43
282	537	**Bell Atlantic**	110.4†	79¾– 32½	68⅝	6.17	11.1	1.33	3.84	5.6	41.82	0.61
314	553	**BellSouth**	101.0†	46 – 18⅛	37⅝	3.74	10.1	1.51	2.20	5.8	23.15	0.62
49	99	**Bemis**	288.1	42 – 8¼	32½	2.20	14.8	0.45	0.72	2.2	15.47	0.48
478	172	**Beneficial Corp**	56.7	78⅝– 19⅝	38⅜	–1.45	def	0.75	2.00	5.2	26.00	0.68
NR	NR	**Benj Franklin S&L**	NA	10½– 4¼	4¾	NA	NA	0.07	none	0.0	19.21	4.04
863	738	**Bergen Brunswig**	–39.1	37⅝– 14⅜	15¼	1.19	12.8	0.06	0.32	2.1	13.33	0.87
54	76	**Berkshire Hathaway**	267.7	4270 –755	2850	178.48	16.0	1.41	none	0.0	2073.06	0.73
896	836	**Best Products**	–55.7	26⅜– 6	7⅜	–0.64	def	0.10	none	0.0	14.33	1.94
853	945	**Bethlehem Steel**	–33.8	29½– 4⅜	12¾	2.20	5.8	0.15	none	0.0	13.99	1.10
841	427	**Beverly Enterprises**	–29.8	22⅜– 7⅝	9⅛	–0.19	def	0.25	0.20	2.2	10.01	1.10
256	576	**Big Bear**	117.7†	30 – 6½	18½	1.72	10.8	0.17	none	0.0	10.02	0.54
790	764	**Bindley Western Inds**	–18.3†	17⅛– 6¾	7¼	0.79	9.2	0.05	none	0.0	6.86	0.95
754	792	**Black & Decker**	–9.0	28⅝– 13	16½	0.95	17.4	0.50	0.40	2.4	10.61	0.64
184	438	**H&R Block**	143.2	33⅜– 8⅞	25⅜	1.44	17.7	1.87	0.88	3.5	6.82	0.27
637	633	**Blount**	23.1	21 – 8⅛	12	0.55	21.8	0.12	0.40	3.3	11.78	0.98
328	353	**Boatmen's Bancshares**	95.9	47½– 16¾	33½	4.12	8.1	0.77	1.84	5.5	31.14	0.93
441	202	**Boeing**	63.8	64⅞– 21¼	37	3.41	10.9	0.36	1.40	3.8	31.12	0.84
449	635	**Boise Cascade**	62.2	86⅞– 32½	63¼	5.21	12.1	0.48	1.90	3.0	51.52	0.81
128	81	**Borden**	178.0	63⅞– 15⅛	44⅛	3.45	12.8	0.54	1.28	2.9	19.53	0.44
584	14	**Borman's**	36.7	25¾– 4¼	12⅛	2.26	5.4	0.03	0.22	1.8	13.81	1.14

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Sources: Forbes; William O'Neil & Co.

[redacted]

Rank 87	Rank 86	Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
512	437	**Boston Edison**	51.9	28 – 12⅛	19¾	$2.56	7.7	0.63	$1.82	9.2%	$19.25	0.97
589	NR	**Bowater**	35.4††	44½– 14⅞	27¾	1.79	15.5	0.89	0.80	2.9	15.29	0.55
NR	NR	**Boys Markets**	NA	19 – 9¾	10¾	1.09	9.9	0.21	none	0.0	1.48	0.14
829	700	**Briggs & Stratton**	–26.0	42 – 23⅝	26⅝	1.64	16.2	0.49	1.60	6.0	20.48	0.77
177	293	**Bristol-Myers**	146.1	55⅞– 15⅝	41⅜	2.40	17.2	2.26	1.68	4.1	9.90	0.24
37	325	**Brockway Inc (NY)**	315.9	60 – 9¾	47⅛	3.04	15.5	0.55	0.96	2.0	19.73	0.42
528	511	**Brooklyn Union Gas**	48.1	28⅞– 13⅝	22⅛	2.43	9.1	0.54	1.66	7.5	17.24	0.78
598	684	**Brown-Forman**	32.2	55⅜– 15½	31⅝	2.80	11.3	0.93	1.12	3.5	18.01	0.57
688	423	**Brown Group**	8.9	44¼– 22¾	30½	2.42	12.6	0.36	1.50	4.9	19.63	0.64
121	142	**Browning-Ferris Inds**	182.5	35¾– 6⅝	25⅛	1.15	21.9	2.22	0.48	1.9	5.11	0.20
115	37	**Bruno's**	190.7	12⅝– 3¼	10⅛	0.43	23.6	0.67	0.10	1.0	2.55	0.25
13	36	**Brunswick**	412.0	30¼– 2⅞	16	1.82	8.8	0.51	0.30	1.9	7.81	0.49
260	435	**Burlington Northern**	116.0	84¼– 25½	57⅜	4.57	12.6	0.65	2.20	3.8	47.90	0.83
211	547	**Business Men's Assur**	133.0	48¼– 14¼	33½	6.41	5.2	0.77	1.10	3.3	26.18	0.78
840	NR	**Businessland**	–29.8†	19 – 3	7⅜	0.45	16.4	0.27	none	0.0	4.01	0.54
703	773	**Butler Manufacturing**	4.3	37¼– 18½	27⅜	0.65	42.5	0.23	1.32	4.8	26.46	0.96
507	770	**Cabot**	52.7	49¼– 19	31⅞	1.42	22.5	0.62	0.92	2.9	21.16	0.66
238	519	**Caesars World**	124.1	35¾– 7⅛	16¼	1.30	12.5	0.63	none	0.0	11.87	0.73
672	711	**CalFed**	14.1†	42 – 11⅜	24¼	6.71	3.6	0.25	1.20	4.9	47.46	1.96
283	434	**California First Bk**	110.0	40¼– 15⅛	31¾	3.03	10.5	0.67	1.08	3.4	26.11	0.82
176	NR	**CalMat**	147.9††	37½– 8¾	26½	2.45	10.8	1.21	0.40	1.5	12.24	0.46
864	947	**Cameron Iron Works**	–40.5	25⅛– 8⅜	12½	–4.05	def	0.83	0.04	0.3	9.91	0.79
204	132	**Campbell Soup**	134.6	70¾– 20⅜	56¾	3.81	14.9	0.82	1.44	2.5	26.71	0.47
148	160	**Capital Cities/ABC**	163.7	450 –111½	315½	14.48	21.8	1.21	0.20	0.1	120.84	0.38
462	284	**Capital Holding**	58.9	38¾– 15⅛	28	4.64	6.0	0.44	0.88	3.1	24.16	0.86
788	NR	**Cardinal Distribution**	–18.2†	23 – 9	10¾	1.07	10.0	0.08	0.08	0.7	9.52	0.89
814	812	**Carlisle Cos**	–22.9	40¼– 22⅞	24⅞	2.24	11.1	0.40	1.12	4.5	21.73	0.87
523	65	**Carolina Freight**	49.8	42½– 12½	19¾	1.77	11.2	0.22	0.50	2.5	18.30	0.93
475	557	**Carolina Power & Lt**	57.0	42⅞– 19¼	33¾	3.92	8.6	1.32	2.76	8.2	28.74	0.85
755	884	**Carpenter Technology**	–9.0	58¼– 28½	36½	0.60	60.8	0.69	2.10	5.8	33.00	0.90
63	111	**Carson Pirie Scott**	246.1	55¾– 9⅞	40⅞	–2.45	def	0.42	none	0.0	22.15	0.54
NR	NR	**Carter Hawley Hale**	NA	19 – 6½	8¼	–7.19	def	0.06	none	0.0	NA	NA
384	601	**Carteret Bancorp**	77.7†	20⅝– 4¾	13⅜	2.52	5.3	0.28	0.30	2.2	19.05	1.42
NR	554	**Castle & Cooke**	NA	26⅝– 10⅛	16½	0.41	40.2	0.48	none	0.0	9.78	0.59
564	889	**Caterpillar**	41.8	74¾– 28⅜	56⅞	0.32	NM	0.73	0.50	0.9	31.86	0.56
878	907	**CBI Industries**	–46.3	42⅞– 18	20¾	0.60	34.6	0.37	0.60	2.9	23.99	1.16
110	300	**CBS**	194.6	226¼– 54½	176	17.30	10.2	0.91	3.00	1.7	40.76	0.23
535	628	**Centel**	47.5	50⅜– 20⅜	36¾	2.55	14.4	1.10	1.72	4.7	21.97	0.60
NR	NR	**Centerior Energy**	NA	27¾– 14⅞	17⅜	3.10	5.6	1.17	2.56	14.7	22.13	1.27
432	679	**Centerre Bancorp**	65.8	51¾– 18¼	31½	2.29	13.8	0.50	1.80	5.7	43.47	1.38
777	NR	**Centex**	–15.8††	40½– 15⅛	19¼	1.70	11.3	0.24	0.25	1.3	20.45	1.06
392	420	**Central & South West**	76.3	40½– 15½	30⅝	3.94	7.8	1.20	2.28	7.4	24.89	0.81
765	645	**Central Hudson G&E**	–11.3	39⅞– 16⅛	21⅝	3.90	5.5	0.73	2.96	13.7	31.18	1.44
587	366	**Central Ill Pub Svc**	35.5	30¾– 13¾	21	1.89	11.1	1.19	1.72	8.2	16.60	0.79
767	699	**Central Maine Power**	–12.5	20½– 7⅞	14⅞	1.32	11.3	0.60	1.40	9.4	14.74	0.99
271	639	**Central Steel & Wire**	113.0	490 –230	490	41.97	11.7	0.28	30.00	6.1	471.19	0.96
NR	NR	**CenTrust Savings Bank**	NA	13½– 4	8⅛	–0.50	def	0.10	1.00	12.3	24.06	2.96
562	381	**CertainTeed**	41.9	45¾– 15½	26¼	3.14	8.4	0.44	1.00	3.8	26.30	1.00
625	669	**Champion Intl**	25.3	44⅝– 16⅞	29¾	3.86	7.7	0.62	0.80	2.7	27.52	0.93
747	720	**Champion Spark Plug**	–7.0	16⅜– 7¾	9⅞	0.54	18.3	0.39	0.20	2.0	9.16	0.93
82	NR	**Charming Shoppes**	218.0	36¾– 3¾	13¼	0.96	13.8	1.13	0.12	0.9	3.07	0.23
909	926	**Charter**	–71.5	14½– 1	3⅛	0.97	3.2	0.15	none	0.0	0.81	0.26
400	232	**Charter Medical**	73.6	39 – 11⅝	25¾	1.69	15.2	0.98	0.24	0.9	7.26	0.28
683	742	**Chase Manhattan**	9.7	49½– 17⅞	26⅞	–11.50	def	0.22	2.16	8.0	52.95	1.97
719	616	**Chemical New York**	1.4	56¼– 23½	27⅜	–18.96	def	0.24	2.72	9.9	55.89	2.04
419	NR	**Chesapeake**	69.1	26⅝– 8¾	15½	1.10	14.1	0.48	0.48	3.1	10.62	0.69
624	804	**Chevron**	25.4	64⅝– 28	40⅛	2.05	19.6	0.56	2.40	6.0	45.29	1.13
103	NR	**Chicago Pacific**	198.8	59 – 21⅝	29⅜	3.31	8.9	0.22	0.20	0.7	34.28	1.17
NR	NR	**Child World**	NA	20¼– 9¾	10	0.85	11.8	0.17	none	0.0	15.81	1.58
111	8	**Chrysler**	193.2	48 – 6¼	23⅛	5.86	3.9	0.20	1.00	4.3	24.67	1.07
133	294	**Chubb**	174.9	78⅛– 20	60⅝	8.26	7.3	0.67	1.88	3.1	40.54	0.67
885	741	**Church's Fried**	–49.3	20¼– 5	6	0.25	24.0	0.54	0.46	7.7	7.22	1.20
662	776	**Cigna**	16.4	77¼– 27	51½	9.46	5.4	0.24	2.80	5.4	59.24	1.15
429	286	**CILCorp**	66.7	43⅜– 17⅝	31¼	3.47	9.0	0.90	2.34	7.5	23.59	0.75

Note: Except as indicated, price changes are from Dec. 31, 1982 to Nov. 18, 1987. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. *Price change does not reflect the value of shares received in a spinoff. †Four-year price change. ††Three-year price change. ‡Does not include stock dividends given in another company as part of the dividend. NA: Not available. NE: Negative equity. NM: Not meaningful. def: Deficit.

Sources: FORBES; William O'Neil & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 87	Rank 86	Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
120	NR	**Cincinnati Bell**	184.0	26⅞–8⅛	23¼	$2.32	10.0	1.41	$0.96	4.1%	$12.86	0.55
270	146	**Cincinnati Financial**	113.5	76⅛–19¾	45¾	5.60	8.2	0.79	1.52	3.3	37.13	0.81
593	637	**Cincinnati G&E**	34.2	31⅛–8⅞	25	4.02	6.2	0.81	2.20	8.8	20.11	0.80
858	845	**Cincinnati Milacron**	–37.4	39–14⅝	15⅞	0.49	32.4	0.45	0.72	4.5	12.00	0.76
307	120	**Circle K**	103.5	18⅝–4¼	9¾	0.86	11.3	0.20	0.28	2.9	6.40	0.66
1	2	**Circuit City Stores**	1048.9	41⅝–1⅜	20¾	1.89	11.0	0.40	0.08	0.4	6.73	0.32
657	560	**Citicorp**	18.5	34⅛–13¾	19¼	–5.63	def	0.20	1.35	7.0	27.96	1.45
254	320	**Citizens & Southern**	118.8	30½–9⅞	23¼	2.41	9.6	0.77	1.12	4.8	16.27	0.70
895	54	**CityFed Financial**	–54.9	18⅛–4	4	–0.59	def	0.06	0.04	1.0	14.50	3.63
786	873	**Clark Equipment**	–18.0	39⅛–15¾	21⅝	–1.82	def	0.38	none	0.0	20.91	0.97
266	116	**Clorox**	114.1	36–10¼	26½	1.60	16.6	1.23	0.88	3.3	11.51	0.43
843	830	**CMS Energy**	–29.9	21⅞–4⅛	13¾	1.53	9.0	0.42	none	0.0	22.31	1.62
78	208	**CNA Financial**	221.6	75–17	55⅞	5.25	10.6	0.50	none	0.0	40.37	0.72
665	818	**CNW**	15.5	53⅞–16¼	25⅛	2.33	19.8	0.43	none	0.0	21.42	0.85
850	354	**Coachmen Industries**	–32.9	39⅝–7½	8⅛	0.17	47.8	0.18	0.40	4.9	10.41	1.28
NR	NR	**Coast S&L Assoc**	NA	20¾–11¼	15¼	4.12	3.7	0.20	0.40	2.6	30.45	2.00
73	691	**Coastal Corp**	234.2	40⅝–7⅜	26½	3.45	7.7	0.17	0.40	1.5	14.58	0.55
231	243	**Coca-Cola**	125.8	53⅛–14⅞	39⅛	2.73	14.3	1.64	1.12	2.9	9.13	0.23
NR	NR	**Coca-Cola Enterprises**	NA	21¼–10½	13⅝	0.47	29.0	0.57	0.05	0.4	10.34	0.76
907	346	**Coleco Industries**	–68.7	65–4¼	5¾	–6.86	def	0.19	none	0.0	–0.45	NE
716	NR	**Coleman**	1.7	46¾–25¼	30	2.57	11.7	0.37	1.20	4.0	24.66	0.82
304	424	**Colgate-Palmolive**	103.8	52⅜–19	40	0.65	61.5	0.51	1.48	3.7	13.81	0.35
342	67	**Collins Foods Intl**	88.7	23½–5⅛	11¼	1.05	10.7	0.50	0.16	1.4	7.78	0.69
163	265	**Colt Industries**	157.2	16¼–3⅛	9½	1.89	5.0	0.18	none	0.0	–36.91	NE
595	737	**Columbia Gas System**	33.8	56½–26¾	38⅝	2.37	16.3	0.61	3.18	8.2	34.06	0.88
58	35	**Columbia S&L Assoc**	256.5	17⅝–2⅛	7⅛	4.62	1.5	0.10	0.28	3.9	22.69	3.18
793	843	**Combustion Eng**	–18.6	45⅜–23¾	26¾	1.37	19.5	0.35	1.00	3.7	20.65	0.77
487	251	**Comdisco**	55.5	36½–5⅜	17⅞	2.26	7.9	0.63	0.20	1.1	8.66	0.48
189	408	**Comerica**	141.8	72⅝–22⅜	57	5.75	9.9	0.65	2.40	4.2	47.20	0.83
364	359	**Commerce Bcshs**	80.8	42¼–15½	28¼	3.77	7.5	0.64	1.12	4.0	33.33	1.18
366	NR	**Commerce Clearing**	80.6	71–24⅜	56	2.90	19.3	1.84	1.28	2.3	8.89	0.16
NR	NR	**Commercial Credit**	NA	34⅝–17	20⅞	0.36	58.0	1.10	0.24	1.1	18.38	0.88
376	514	**Commercial Metals**	79.2	22¾–8⅝	16⅛	1.14	14.1	0.17	0.32	2.0	16.48	1.02
667	650	**Commonwealth Edison**	15.4	38–20	29⅛	4.91	5.9	1.05	3.00	10.3	31.64	1.09
463	319	**Commonwealth Energy**	58.3	45¾–16¼	28½	3.29	8.7	0.42	2.80	9.8	29.48	1.03
32	744	**Compaq Computer**	325.0†	78½–3½	53⅛	2.89	18.4	1.84	none	0.0	6.78	0.13
169	278	**Computer Sciences**	151.0	73–11	48	2.37	20.3	0.67	none	0.0	18.51	0.39
912	925	**Computervision**	–73.7	52⅞–7¼	8⅛	0.51	15.9	0.43	none	0.0	6.33	0.78
147	79	**ConAgra**	163.9	38–8⅜	24⅝	1.79	13.8	0.21	0.67	2.7	9.24	0.38
273	267	**Consolidated Edison**	112.8	52⅞–19	43⅝	4.81	9.1	0.99	2.96	6.8	33.81	0.77
436	430	**Consol Freightways**	65.0	41¼–13⅜	27½	1.98	13.9	0.48	0.90	3.3	17.22	0.63
84	369	**Consol Natural Gas**	217.4	46⅝–11⅜	37½	1.96	19.1	1.36	1.50	4.0	19.14	0.51
72	131	**Consolidated Papers**	234.4	73¼–15½	53½	3.77	14.2	1.64	1.60	3.0	25.10	0.47
NR	NR	**Consolidated Rail**	NA	40⅞–20	25¼	4.00	6.3	0.55	1.00	4.0	–0.45	NE
821	418	**Constar Intl**	–23.6	30⅞–11⅝	14⅜	1.14	12.6	0.19	0.64	4.5	12.30	0.86
422	619	**Contel**	67.4	39⅝–16⅞	28⅞	2.64	10.9	0.76	2.00	6.9	19.57	0.68
574	651	**Continental Corp**	39.7	55–23½	41⅜	5.85	7.1	0.43	2.60	6.3	41.57	1.00
886	NR	**Continental Illinois**	–49.9††	10¼–2¾	2⅞	–3.68	def	0.12	0.08	2.8	7.62	2.65
860	883	**Control Data**	–38.0	63¼–15⅛	23	–5.35	def	0.28	none	0.0	23.77	1.03
423	876	**Cooper Industries**	67.3	74½–26	47⅞	3.33	14.4	0.69	1.68	3.5	29.25	0.61
543	143	**Cooper Tire & Rubber**	45.6	39¾–12⅜	26¾	2.83	9.5	0.43	0.52	1.9	19.24	0.72
550	447	**Adolph Coors**	44.9	31⅝–11⅛	17¾	1.33	13.3	0.49	1.00	5.6	27.41	1.54
890	942	**Copperweld**	–51.5	16⅜–4⅜	7⅞	0.17	46.4	0.32	none	0.0	12.87	1.63
208	105	**CoreStates Financial**	133.4	44⅛–11¾	30⅛	3.77	8.0	0.84	1.50	5.0	23.19	0.77
553	527	**Corning Glass Works**	44.2	81½–29¾	47½	3.46	13.7	1.11	1.40	2.9	30.40	0.64
NR	NR	**Costco Wholesale**	NA	19½–5⅝	9	0.14	64.3	0.16	none	0.0	3.41	0.38
335	536	**CPC International**	91.6	58½–16⅞	39⅞	4.18	9.5	0.65	1.24	3.1	11.58	0.29
285	NR	**Craig**	109.0	22⅛–4¼	14⅝	1.80	8.1	0.03	none	0.0	10.24	0.70
296	670	**Crane**	105.4	35½–8½	20¾	2.42	8.6	0.38	0.90	4.3	8.63	0.42
61	NR	**Cray Research**	253.4	135¾–17⅞	68¼	4.32	15.8	3.15	none	0.0	14.59	0.21
368	238	**Crestar Financial**	80.3	35⅞–11⅛	21¾	2.21	9.8	0.67	1.04	4.8	18.84	0.87
NR	NR	**CrossLand Savings FSB**	NA	24¾–8¾	9	2.38	3.8	0.13	0.40	4.4	32.48	3.61
709	837	**Crown Central Petroleum**	2.7	30–9⅛	14½	–6.00	def	0.09	none	0.0	24.19	1.67
76	189	**Crown Cork & Seal**	227.1	139⅞–28⅞	96½	8.40	11.5	0.57	none	0.0	57.91	0.60

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Sources: Forbes; William O'Neil & Co.

Rank 87	Rank 86	Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/earnings ratio	Price/sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/recent price
500	701	**CSX**	54.0	41¾–15⅝	26¼	$2.59	10.1	0.54	$1.24	4.7%	$31.59	1.20
257	77	**Culbro**	117.3	58 –16⅞	37¾	7.07	5.3	0.21	0.80	2.1	27.20	0.72
377	417	**Cullum Cos**	79.1	23 – 6⅛	15	1.14	13.1	0.23	0.36	2.4	8.03	0.54
722	627	**Cummins Engine**	0.5	94¾–43¼	49	1.33	36.8	0.20	2.20	4.5	63.75	1.30
286	388	**Curtice-Burns Foods**	109.0	41⅞–14	31	2.70	11.5	0.17	1.04	3.4	19.87	0.64
NR	NR	**Cyprus Minerals**	NA	30 –11	17½	0.79	22.2	0.59	none	0.0	32.01	1.83
496	625	**Dana**	54.3	54¼–20½	35¾	2.54	14.1	0.41	1.44	4.0	21.40	0.60
684	778	**Data General**	9.4	76 –19⅛	21¾	–3.07	def	0.47	none	0.0	25.76	1.18
NR	NR	**Datapoint**	NA	9¼– 3⅜	5⅜	–5.03	def	0.17	none	0.0	10.59	1.97
699	296	**Dayton-Hudson**	5.7	63 –25	29⅛	3.18	9.2	0.28	0.92	3.2	22.38	0.77
213	55	**Dean Foods**	132.5	38½–12⅞	24⅝	1.53	16.1	0.46	0.54	2.2	8.83	0.36
712	898	**Deere**	2.5	43 –21½	30¼	–4.00	def	0.56	0.25	0.8	29.46	0.97
603	901	**DeKalb**	31.3	30⅛–14¾	22	1.41	15.6	0.71	0.32	1.5	26.58	1.28
550	577	**Delchamps**	44.9†	27¾– 9¾	17¾	0.98	18.1	0.14	0.28	1.6	10.24	0.58
424	339	**Delmarva Power & Lt**	67.2	25⅜–10⅝	18¼	1.80	10.1	1.23	1.41	7.7	12.85	0.70
801	565	**Delta Air Lines**	–20.3	67⅛–27	35¼	5.80	6.1	0.29	1.20	3.4	39.84	1.13
162	126	**Deluxe Check**	157.2	42¼– 8⅜	25⅞	1.64	15.8	2.38	0.80	3.1	4.85	0.19
481	549	**Dennison Mfg**	56.3	35½–15⅞	24¾	2.31	10.7	0.53	1.24	5.0	14.85	0.60
735	213	**DeSoto**	–3.6	43¾–23⅜	23⅜	2.70	8.7	0.24	1.40	6.0	22.66	0.97
697	680	**Detroit Edison**	6.7	19⅜–11½	14	3.25	4.3	0.71	1.68	12.0	18.34	1.31
470	535	**Dexter**	57.7	32⅜–11¼	18⅛	1.62	11.2	0.61	0.60	3.3	10.40	0.57
486	304	**Di Giorgio**	55.8	32¼– 9⅝	16¾	–0.76	def	0.12	0.64	3.8	18.69	1.12
NR	NR	**Diamond Shamrock R&M**	NA	18¼– 8	8¾	1.71	5.1	0.13	0.40	4.6	10.29	1.18
272	122	**Dibrell Brothers**	112.9	30 – 9½	22	–0.04	def	0.22	0.96	4.4	16.73	0.76
151	458	**Digital Equipment**	161.3	199½–32	130	9.19	14.1	1.68	none	0.0	49.87	0.38
29	9	**Dillard Dept Stores**	337.0	57½– 5⅝	28¾	2.43	11.8	0.47	0.16	0.6	17.31	0.60
NR	NR	**Dime Savings Bank**	NA	27 –13½	15⅛	NA	NA	0.33	none	0.0	25.18	1.66
62	235	**Walt Disney**	247.8	82½–11⅜	55	3.23	17.0	2.51	0.32	0.6	10.85	0.20
198	364	**Diversified Energies**	137.2	29⅞–10¼	25½	1.62	15.7	0.62	1.48	5.8	16.09	0.63
799	89	**Dollar General**	–19.4	29⅜– 6⅛	6⅛	0.20	30.6	0.20	0.20	3.3	5.78	0.94
249	416	**Dominion Bankshares**	119.5	25⅜– 6½	15½	2.13	7.3	0.72	0.76	4.9	13.81	0.89
305	332	**Dominion Resources**	103.5	52⅛–20⅜	43⅞	4.62	9.5	1.27	3.08	7.0	29.93	0.68
310	192	**RR Donnelley & Sons**	102.6	45⅜–14¼	30⅛	3.34	9.0	0.98	0.70	2.3	12.90	0.43
353	763	**Dover**	84.5	77⅞–26½	56½	3.05	18.5	1.26	1.12	2.0	18.51	0.33
90	503	**Dow Chemical**	211.6	109⅝–25	80⅝	5.52	14.6	1.23	2.20	2.7	27.02	0.34
505	489	**Dow Jones**	52.8	56¼–21⅜	33½	2.06	16.3	2.68	0.64	1.9	7.52	0.22
577	587	**DPL**	39.1	29¼–11¼	24	3.20	7.5	1.05	2.08	8.7	19.07	0.79
748	809	**Dravo**	–7.1	21⅞–10⅞	11½	–5.78	def	0.24	none	0.0	14.65	1.27
673	909	**Dresser Industries**	13.9	35⅝–14	22½	–0.39	def	0.54	0.40	1.8	21.33	0.95
219	463	**EI du Pont de Nemours**	131.4	131 –35⅛	83	6.95	11.9	0.69	3.40	4.1	54.74	0.66
329	451	**Duke Power**	95.2	52 –20⅝	45⅜	4.39	10.3	1.26	2.80	6.2	30.33	0.67
263	204	**Dun & Bradstreet**	115.8	71¾–24½	53⅛	3.02	17.6	2.47	1.50	2.8	9.80	0.18
794	824	**Duquesne Light**	–18.6	19½–10⅝	12	1.53	7.8	0.98	1.20	10.0	16.76	1.40
835	NR	**Durr-Fillauer**	–28.1	18 – 7⅛	8⅝	0.81	10.7	0.13	0.17	2.0	7.36	0.85
74	705	**DWG**	231.8	7⅜– 1⅜	6½	1.12	5.8	0.10	none	0.0	4.79	0.74
428	604	**DynCorp**	66.7	25⅝– 9	18⅛	–1.32	13.7	0.23	0.31	1.7	11.91	0.66
698	333	**E-Systems**	6.0	44¾–21¾	26⅝	1.86	14.3	0.67	0.50	1.9	12.39	0.47
NR	NR	**E-II Holdings**	NA	17½– 7	9⅛	NA	NA	0.36	none	0.0	NA	NA
450	390	**Eagle-Picher Inds**	62.1	53 –14¼	23½	3.69	6.4	0.38	1.12	4.8	16.82	0.72
708	758	**Eastern Gas & Fuel**	2.9	33¼–17¼	22¼	0.64	34.8	0.66	1.30	5.8	18.74	0.84
619	723	**Eastman Kodak**	26.6	70⅝–26¾	48⅜	2.07	23.4	1.28	1.80	3.7	18.84	0.39
278	474	**Eaton**	112.1	107¾–28⅝	67⅞	7.62	8.9	0.57	2.00	2.9	42.46	0.63
571	254	**Echlin**	39.8	25⅜– 8	13⅝	0.88	15.5	0.69	0.56	4.1	8.79	0.64
467	311	**Ecolab**	58.1	33¾–10¾	22⅛	5.35	4.1	0.66	0.62	2.8	10.81	0.49
NR	NR	**Edgcomb**	NA	6½– 2	2⅜	–0.32	def	0.04	none	0.0	0.97	0.04
NR	NR	**Edison Bros Stores**	NA	44 –22¾	24¾	1.18	21.0	0.27	1.80	7.3	22.61	0.91
784	NR	**AG Edwards**	–17.8	38⅞–12⅜	16½	2.46	6.7	0.63	0.68	4.1	12.48	0.76
644	687	**EG&G**	21.7	45⅛–25½	34⅜	1.90	18.1	0.79	0.56	1.6	8.62	0.25
549	590	**Emerson Electric**	45.0	42⅜–18¼	29¼	2.00	14.6	1.11	1.00	3.4	10.90	0.37
706	15	**Emerson Radio**	3.3	12¾– 2¼	2⅞	–0.01	def	0.13	none	0.0	2.64	0.92
908	803	**Emery Air Freight**	–68.8	26⅝– 4¼	4⅞	–1.39	def	0.09	none	0.0	8.74	1.79
379	444	**Emhart**	78.9	26⅝–10	18½	1.61	11.5	0.49	0.80	4.3	11.49	0.62
NR	NR	**Empire of America**	NA	7 – 2⅜	3	–0.81	def	0.05	0.28	9.3	9.97	3.32
781	757	**Engelhard**	–16.8	29⅞–14⅝	17⅞	1.85	9.7	0.33	0.52	2.9	13.86	0.78

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WHO'S WHERE IN THE STOCK MARKET

Rank		Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
87	86											
567	759	**Enron**	−40.7	54⅜–24⅛	37⅜	$–0.91	def	0.29	$2.48	6.6%	$22.98	0.61
752	900	**Enserch**	–8.5	29⅞–13⅛	17⅜	0.37	47.0	0.36	0.80	4.6	14.03	0.81
739	716	**Entex**	–4.0	24¼–12⅜	18	–3.21	def	0.54	none	0.0	4.54	0.25
171	61	**Equifax**	150.5	31½– 7¾	22⅛	1.24	17.8	0.72	0.76	3.4	5.09	0.23
479	530	**Equitable of Iowa**	56.5	27 –11½	18	2.08	8.7	0.33	0.92	5.1	28.51	1.58
127	497	**Equitable Resources**	178.9	46⅞–10	29¾	1.82	16.3	1.49	1.20	4.0	20.44	0.69
NR	NR	**Esselte Business Sys**	NA	46⅛–12⅝	29½	2.51	11.8	0.52	0.72	2.4	17.01	0.58
18	43	**Ethyl**	378.0	32¼– 3½	17⅝	1.49	11.8	1.33	0.40	2.3	7.41	0.42
126	495	**Exxon**	179.0	50¾–14⅜	41½	3.34	12.4	0.81	2.00	4.8	22.29	0.54
852	834	**Fairchild Industries**	–33.6	24⅞– 7⅞	9⅝	–5.31	def	0.28	0.20	2.1	9.42	0.98
677	50	**Family Dollar Stores**	13.0	28⅛– 7	8⅞	0.86	10.2	0.46	0.28	3.2	4.88	0.55
833	NR	**Farm Fresh**	–27.2†	22½– 9¼	12¾	0.50	25.5	0.21	none	0.0	8.60	0.67
826	842	**Farm House Foods**	–25.1	6¼– 2½	2¾	–0.13	def	0.03	none	0.0	4.00	1.45
201	429	**Farmers Group**	135.5	51¼–16	41½	3.42	12.1	2.39	1.20	2.9	20.28	0.49
576	523	**Federal Express**	39.4	75½–27¾	51¾	–0.75	def	0.79	none	0.0	20.90	0.40
697	621	**Federal-Mogul**	6.7	49 –25½	32	0.43	74.4	0.40	1.60	5.0	25.13	0.79
647	136	**Fedl Natl Mortgage**	19.9	48⅜–10⅞	29⅜	2.98	9.9	0.24	0.48	1.6	21.60	0.74
243	460	**Federal Paper Board**	122.0	54 –12⅞	31½	3.32	9.5	0.60	0.80	2.5	17.34	0.55
520	370	**Federated Dept Strs**	50.3	58½–21⅜	35½	3.28	10.8	0.30	1.48	4.2	28.54	0.80
502	724	**Ferro**	53.5	31¼–11⅛	20¼	2.72	7.4	0.34	0.68	3.4	16.36	0.81
131	244	**Fidelcor**	176.3	47½–12½	34⅞	3.36	10.4	0.70	1.52	4.4	26.88	0.77
681	291	**Fieldcrest Cannon**	10.3	43 –12⅛	16	1.82	8.8	0.12	0.68	4.3	26.37	1.65
118	249	**Figgie Intl**	186.4	87½–18½	63	6.58	9.6	0.46	0.80	1.3	41.37	0.66
932	814	**Financial Corp of America**	–89.9	32¾– 1	1⅜	–6.48	def	0.02	none	0.0	4.93	2.82
NR	NR	**Fireman's Fund**	NA	44½–25¾	28¼	5.32	5.3	0.44	0.40	1.4	23.55	0.83
359	496	**Firestone**	82.4	50 –15⅜	33¾	1.90	17.8	0.32	1.00	3.0	29.88	0.89
235	NR	**First American**	125.1	34⅜– 9½	22⅛	2.68	8.3	0.81	1.10	5.0	20.03	0.91
224	277	**First Bank System**	128.6	37⅛– 8¾	20½	0.95	21.5	0.49	1.50	7.3	22.74	1.11
570	68	**First Boston**	40.0	62¾–16⅞	25⅜	4.65	5.5	0.24	1.00	3.9	30.39	1.20
634	665	**First Chicago**	24.1	34⅞–17⅛	22½	–9.23	def	0.31	1.50	6.7	36.91	1.64
937	952	**First City Bancorp**	–96.9	24¾– ¼	¾	–12.72	def	0.02	none	0.0	11.89	17.23
635	147	**First Executive**	23.6	23¼– 6¼	10⅜	1.81	5.7	0.20	none	0.0	15.22	1.47
654	281	**First Federal Mich**	18.8†	30 – 5¾	10¼	6.86	1.5	0.09	0.48	4.7	33.04	3.22
322	178	**First Fidelity Bncp**	98.4	46½–14⅛	31	3.03	10.2	0.67	1.84	5.9	28.29	0.91
620	696	**First Interstate Bncp**	26.3	67⅜–29¼	39⅝	–8.09	def	0.37	2.80	7.1	58.65	1.48
139	NR	**First Kentucky Natl**	171.9	31 – 8	21¾	1.73	12.6	0.98	0.94	4.3	13.97	0.64
193	NR	**First Maryland Bncp**	138.5	41 – 9¾	23¼	3.04	7.6	0.57	1.00	4.3	22.72	0.98
85	133	**First of America Bank**	214.1	54 –12⅜	39	5.68	6.9	0.57	1.80	4.6	39.24	1.01
385	266	**First Pennsylvania**	77.6	11¼– 4	8⅞	–2.32	def	0.64	none	0.0	12.38	1.39
915	902	**First RepublicBank**	–74.4	38¼– 7	7¾	–10.64	def	0.14	1.00	12.9	39.64	5.11
694	793	**First Security**	7.1	35½–15	22½	0.98	23.0	0.53	1.10	4.9	28.53	1.27
291	187	**First Tennessee Natl**	106.5	36⅝–11½	23¾	2.79	8.5	0.65	1.24	5.2	21.98	0.93
298	263	**First Union**	105.3	30 – 8½	17⅞	2.68	6.7	0.73	0.80	4.5	14.55	0.81
NR	NR	**First Wachovia**	NA	46⅜–30½	33	3.46	9.5	1.03	1.20	3.6	21.93	0.66
136	197	**First Wisconsin**	172.8	33 – 7½	20⅝	–0.83	def	0.61	0.92	4.5	20.54	1.00
924	877	**Fischbach**	–84.1	55½– 6⅜	7¾	–6.79	def	0.02	none	0.0	33.91	4.38
791	856	**Fisher Foods**	–18.4	16⅝– 5⅜	6⅝	–6.23	def	0.04	none	0.0	13.69	2.06
152	171	**Fleet Financial**	160.9	30⅝– 8⅜	22½	2.53	8.9	0.86	1.00	4.4	14.01	0.62
771	182	**Fleetwood Enterprise**	–13.2	41⅞–14	17¾	1.88	9.4	0.32	0.60	3.4	13.56	0.76
660	342	**Fleming Cos**	17.1	45⅞–22¼	26⅝	1.89	14.1	0.07	1.00	3.8	21.46	0.81
900	823	**Florida Federal S&L**	–57.4†	22⅝– 6⅜	6½	–2.10	def	0.12	none	0.0	19.27	2.96
509	467	**Florida Natl Banks**	52.5	29¼– 9⅞	15¼	0.92	16.6	0.62	0.48	3.1	16.39	1.07
347	323	**Florida Progress**	86.8	47 –18	35½	3.79	9.4	0.95	2.40	6.8	23.26	0.66
145	97	**Flowers Industries**	164.9	30⅞– 7⅞	25¾	1.19	21.6	0.76	0.42	1.6	7.64	0.30
848	929	**Fluor**	–32.7	25⅜–11	13⅛	–2.21	def	0.22	none	0.0	11.99	0.91
10	104	**FMC**	545.8	60⅜– 5⅝	36¾	4.90	7.5	0.54	none	0.0	–11.25	NE
12	47	**Food Lion**	431.5	14⅝– 1⅜	11⅝	0.24	48.5	0.67	0.06	0.5	0.83	0.07
112	57	**Foodarama Supermkts**	191.9	28⅜– 5¾	17⅞	1.59	11.2	0.05	none	0.0	20.06	1.12
NR	NR	**Foodmaker**	NA	14¾– 5¾	9¾	1.20	8.1	0.21	none	0.0	5.44	0.56
27	29	**Ford Motor**	345.7	112⅝–15¼	77	17.33	4.4	0.29	4.00	5.2	57.02	0.74
579	NR	**Foremost Corp of Amer**	38.5	43¼–21¼	36	3.37	10.7	0.88	0.96	2.7	21.13	0.59
431	439	**Fort Howard**	65.8	62 –22⅜	39⅜	2.21	17.8	1.54	1.08	2.7	17.87	0.45
893	943	**LB Foster**	–53.5	9⅛– 1⅞	2½	–2.06	def	0.08	none	0.0	1.40	0.56
736	851	**Foster Wheeler**	–3.8	25 –10	12½	0.71	17.6	0.35	0.44	3.5	12.56	1.00

Note: Except as indicated, price changes are from Dec. 31, 1982 to Nov. 18, 1987. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. *Price change does not reflect the value of shares received in a spinoff. †Four-year price change. ††Three-year price change. ‡Does not include stock dividends given in another company as part of the dividend. NA: Not available. NE: Negative equity. NM: Not meaningful. def: Deficit.

Sources: Forbes; William O'Neil & Co.

Rank 87	Rank 86	Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
867	887	**Foxboro**	–41.2	47½–18⅜	20⅞	$–1.95	def	0.49	none	0.0%	$22.31	1.07
411	472	**FPL Group**	70.4	38 –17½	30⅞	3.03	10.2	0.93	$2.12	6.9	22.99	0.74
611	870	**Freeport-McMoRan**	29.0	31⅜–13½	21⅛	2.96	7.1	1.60	0.60‡	2.8‡	9.14	0.43
NR	NR	**Fruit of the Loom**	NA	9½– 3⅞	4⅞	0.39	12.5	0.36	none	0.0	–1.56	NE
166	NR	**HB Fuller**	154.0	48½–11¼	30	2.47	12.1	0.48	0.42	1.4	14.43	0.48
64	123	**Fuqua Industries**	245.4	38⅜– 7¾	26⅞	2.15	12.5	0.67	0.24	0.9	12.30	0.46
9	66	**GAF**	550.0	69½– 6½	45½	2.82	16.1	1.89	0.10	0.2	16.94	0.37
418	262	**Gannett**	69.2	56¼–16¾	35¾	1.86	19.2	1.91	1.00	2.8	8.88	0.25
22	5	**Gap**	373.8	77⅞– 4	19¼	2.22	8.7	0.72	0.50	2.6	5.96	0.31
524	817	**GATX**	49.5	50¾–25⅛	38½	3.68	10.5	0.66	1.50	3.9	22.79	0.59
931	962	**Gearhart Industries**	–88.5	30⅝– ⅞	1¾	–9.44	def	0.23	none	0.0	–6.83	NE
210	166	**Geico**	133.1	136¾–41	100¼	13.81	7.3	1.08	1.36	1.4	37.33	0.37
445	831	**Gelco**	62.9	34½–12¾	34	–0.52	def	0.33	none	0.0	11.42	0.34
165	129	**GenCorp**	156.1	120 –27¼	69½	14.09	4.9	0.33	1.80	2.6	46.91	0.68
245	93	**General Cinema**	121.5	31¾– 6½	16⅛	1.53	10.5	1.14	0.39	2.4	6.78	0.42
544	260	**General Dynamics**	45.5	89¼–30⅝	48	0.35	NM	0.22	1.00	2.1	29.45	0.61
333	351	**General Electric**	91.8	66⅜–22¾	45½	3.53	12.9	1.05	1.32	2.9	16.57	0.36
469	100	**General Host**	57.7	25⅝– 4	8⅛	2.48	3.3	0.34	0.24	3.0	8.15	1.00
887	935	**General Instrument**	–50.8	66⅞–12¾	24½	–1.91	def	0.77	0.25	1.0	14.35	0.59
348	470	**General Mills**	86.7*	62⅛–20⅞	45½	2.71	16.8	0.75	1.60	3.5	8.28	0.18
730	599	**General Motors**	–2.2	94⅛–50	61	8.67	7.0	0.19	5.00	8.2	83.73	1.37
438	NR	**General Motors EDS**	64.6††	51 –18¼	34⅞	2.38	14.7	0.43	0.52	1.5	6.55	0.19
NR	NR	**GM Hughes Electronics**	NA	50½–32⅝	46½	3.15	14.8	0.29	0.72	1.5	100.47	2.16
60	174	**General Public Utils**	253.8	29¾– 6½	23⅞	3.99	6.0	0.56	0.60	2.5	28.41	1.19
395	385	**General Re**	74.9	69½–23⅛	55¾	4.61	12.1	1.62	1.00	1.8	23.47	0.42
19	198	**General Refractories**	376.9	20¼– 3	15½	4.31	3.6	0.24	none	0.0	8.94	0.58
770	795	**General Signal**	–13.1	61¼–33¼	39	2.32	16.8	0.72	1.80	4.6	32.33	0.83
823	919	**Genesco**	–24.3	10⅜– 2⅜	3½	1.09	3.2	0.12	none	0.0	4.54	1.30
405	529	**Genuine Parts**	71.5	44⅜–16	34½	1.95	17.7	1.07	0.92	2.7	9.30	0.27
NR	NR	**Georgia Gulf**	NA	69 –19½	40	4.59	8.7	0.83	0.80	2.0	8.27	0.21
622	606	**Georgia-Pacific**	25.7	52¾–18	33	3.91	8.4	0.44	1.20	3.6	23.19	0.70
293	176	**Gerber Products**	105.6	63 –14⅝	33¾	1.22	27.7	0.67	1.32	3.9	16.70	0.49
75	NR	**Getty Petroleum**	227.5	30⅜– 3⅞	13¾	0.68	20.3	0.14	0.16	1.2	6.03	0.44
55	25	**Giant Food**	267.4	42⅜– 8½	31	1.67	18.6	0.35	0.66	2.1	9.98	0.32
899	376	**Gibraltar Financial**	–57.0	16 – 4¼	4¼	–5.69	def	0.07	none	0.0	16.17	3.80
140	170	**Gillette**	171.1	45⅞–10¼	30½	0.52	58.7	1.13	0.76	2.5	4.01	0.13
146	450	**GlenFed**	164.1†	33½– 6¾	25¾	5.93	4.3	0.29	1.00	3.9	41.68	1.62
14	49	**Godfrey**	405.7	33⅞– 3⅛	20⅞	1.73	12.1	0.17	0.32	1.5	7.37	0.35
188	41	**Golden West Finl**	142.4	46¾– 7⅜	25¼	5.38	4.7	0.61	0.24	1.0	20.83	0.82
NR	NR	**Goldome**	NA	7⅛– 3⅜	3¾	NA	NA	0.07	none	0.0	NA	NA
702	546	**BF Goodrich**	4.7	65 –24⅝	33⅝	2.93	11.5	0.37	1.56	4.6	32.[illegible]5	0.96
565	428	**Goodyear**	41.4	76½–23	49½	8.76	5.7	0.29	1.60	3.2	30.93	0.62
717	67[illegible]	**Gordon Jewelry**	1.6	22⅞– 9⅞	14	–1.83	def	0.38	0.52	3.7	23.78	1.53
905	861	**Gould**	–66.0	43¾– 8	12¾	0.34	37.5	0.62	none	0.0	12.52	0.98
664	786	**WR Grace**	15.6	37⅜–17¾	22¼	–5.30	def	0.44	1.40	6.3	15.42	0.69
330	483	**WW Grainger**	93.9	71¾–23⅜	51⅞	3.02	17.2	1.17	0.80	1.5	20.14	0.39
346	345	**Gt Am First Savings**	87.1†	25 – 5⅜	12⅝	4.34	2.9	0.21	0.60	4.8	24.02	1.90
308	NR	**Great American Mgmt**	103.3	19½– 7¼	15¼	0.02	NM	0.13	none	0.0	19.05	1.25
30	52	**Great A&P Tea**	334.9	46⅞– 7⅜	35⅞	2.37	15.1	0.15	0.50	1.4	19.85	0.55
96	361	**Gt Northern Nekoosa**	206.3	60½–11⅜	36⅝	4.02	9.1	0.84	0.92	2.5	19.77	0.54
610	309	**Gt Western Financial**	29.0	24⅜– 6⅝	14⅛	2.27	6.2	0.42	0.72	5.1	14.19	1.00
542	507	**Greyhound**	45.7	46 –17⅛	25⅛	4.18	6.0	0.39	1.32	5.3	26.29	1.05
837	965	**Grossman's**	–29.3	11½– 4	5⅜	0.56	9.6	0.13	none	0.0	1.26	0.23
700	NR	**Grow Group**	5.3	15 – 6	7	–0.08	def	0.15	0.30	4.3	4.80	0.69
742	563	**Grumman**	–4.7	36⅜–17½	23	1.82	12.6	0.23	1.00	4.3	22.13	0.96
608	589	**GTE**	30.1	44¾–23¼	36	3.09	11.7	0.77	2.52	7.0	23.26	0.65
239	NR	**Guilford Mills**	124.1	39½– 8¾	24½	2.36	10.4	0.47	0.80	3.3	18.10	0.74
39	130	**Gulf & Western**	309.0	93½–15	68½	4.70	14.6	0.98	1.20	1.8	30.61	0.45
898	891	**Gulf States Utils**	–56.0	16½– 4¾	5⅞	1.43	4.1	0.44	none	0.0	16.79	2.86
828	922	**Halliburton**	–25.8	47¼–17⅜	26¼	0.18	NM	0.87	1.00	3.8	20.30	0.77
809	782	**Handy & Harman**	–21.6	28 –16½	15⅜	–0.13	def	0.36	0.66	4.3	8.30	0.54
52	32	**Hannaford Bros**	280.9	54¾– 8½	33¾	2.51	13.4	0.31	0.56	1.7	13.00	0.39
81	141	**Hanover Insurance**	220.6	38⅜– 7⅞	27¼	6.52	4.2	0.42	0.36	1.3	21.75	0.80
NR	83	**Harcourt Brace**	NA	13¼– 3¾	5	–0.33	def	0.18	none	0.0	13.48	2.70

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Sources: Forbes; William O'Neil & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 87	Rank 86	Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
156	725	**Harnischfeger Inds**	158.8	29¾– 6	16½	$0.16	NM	0.44	none	0.0%	$10.43	0.63
844	865	**Harris Corp**	–30.1	51⅞–22¼	25⅞	2.13	12.2	0.51	$0.88	3.4	23.64	0.91
290	556	**Harsco**	108.0	39⅜–11⅜	26	2.09	12.4	0.69	1.12	4.3	16.13	0.62
407	303	**Hartford National**	71.1	32⅛–11⅞	20⅝	2.98	6.9	0.67	1.28	6.2	18.15	0.88
596	363	**Hartmarx**	33.8	34¾–14½	22	1.75	12.6	0.43	1.00	4.5	17.59	0.80
11	3	**Hasbro**	474.2	30⅞– 2	12⅜	1.01	12.3	0.49	0.09	0.7	10.46	0.84
360	393	**Hawaiian Electric**	81.9	35½–13⅝	27⅝	2.66	10.4	0.81	1.92	6.9	22.19	0.80
552	NR	**Hechinger**	44.4	27¼– 9	17½	1.11	15.8	0.81	0.06	0.3	6.51	0.37
119	22	**HJ Heinz**	186.1	51¾–11½	38½	2.58	14.9	1.03	1.24	3.2	10.79	0.28
NR	NR	**Henley Group**	NA	30¾–17¼	19½	–5.14	def	0.56	none	0.0	26.08	1.34
430	409	**Hercules**	66.5	73½–24⅝	46	14.44	3.2	0.96	1.92	4.2	31.11	0.68
130	157	**Hershey Foods**	176.7	37¾– 8⅛	26	1.60	16.3	0.98	0.62	2.4	8.07	0.31
563	515	**Hewlett-Packard**	41.8	73⅝–28¾	51¾	2.50	20.7	1.64	0.26	0.5	17.08	0.33
NR	NR	**Highland Superstores**	NA	39¼– 7¼	7¾	0.83	9.3	0.20	none	0.0	6.25	0.81
181	159	**Hillenbrand Inds**	144.5	31¼– 8¾	23⅜	1.80	13.0	1.29	0.35	1.5	7.55	0.32
NR	NR	**Hills Dept Stores**	NA	12⅝– 6	7⅛	1.00	7.1	0.09	none	0.0	–4.51	NE
459	578	**Hilton Hotels**	59.8	91¾–40⅛	71½	4.30	16.6	2.21	1.80	2.5	28.45	0.40
NR	NR	**Himont**	NA	54¼–23	25½	3.55	7.2	1.53	0.68	2.7	9.01	0.35
872	380	**Holiday**	–42.7‡	83⅞–11⅝	21	5.81	3.6	0.30	none	0.0	26.78	1.28
185	306	**Holly Corp**	142.9	21¼– 6½	13	0.25	52.0	0.19	none	0.0	5.53	0.43
292	158	**Holly Farms**	106.2	51¾–12	29⅛	3.32	8.8	0.35	1.18	4.1	19.68	0.68
265	NR	**Home Depot**	114.3	28⅛– 7	17½	0.90	19.4	0.62	none	0.0	3.83	0.22
409	602	**Home Federal S&L**	70.6†	38⅝–11¾	23⅞	4.71	5.1	0.41	0.20	0.8	38.37	1.61
NR	NR	**Home Group**	NA	31½–10½	13	4.32	3.0	0.20	0.20	1.5	22.19	1.71
NR	NR	**Home Shopping**	NA	47 – 5	6	0.33	18.2	0.89	none	0.0	0.56	0.09
350	NR	**Homestead Financial**	85.5	13⅜– 3	5¾	2.49	2.3	0.14	0.25	4.3	10.36	1.80
504	NR	**HON Industries**	53.2	23 – 7⅝	18	1.27	14.2	0.69	0.40	2.2	6.70	0.37
591	555	**Honeywell**	34.4	90½–41¼	57⅜	–7.18	def	0.42	2.00	3.5	48.67	0.85
129	184	**George A Hormel**	177.3	29⅜– 6	19½	1.08	18.0	0.35	0.36	1.8	8.85	0.45
824	736	**Hospital Corp**	–24.3	56⅝–23⅝	31½	2.03	15.5	0.52	0.72	2.3	24.62	0.78
353	220	**Household Intl**	82.6	62½–19	42	6.14	6.8	0.50	2.00	4.8	27.93	0.67
513	569	**Houston Industries**	51.9	39⅜–17⅝	30⅜	3.90	7.8	0.98	2.88	9.5	27.19	0.90
354	383	**Hubbell**	84.2	41⅞–14	26¼	2.33	11.3	1.16	1.00	3.8	12.61	0.48
810	726	**Humana**	–21.8	36¾–16¾	[illegible]	1.86	11.8	0.76	0.80	3.6	9.20	0.42
199	337	**Huntington Bshs**	137.2	31¼– 8¼	[illegible]0¼	2.05	9.9	0.76	0.84	4.1	17.23	0.85
851	743	**EF Hutton Group**	–33.3	54¼–11	20	–1.57	def	0.20	0.88	4.4	22.48	1.12
NR	NR	**IBP**	NA	19⅝–11¼	13¾	0.98	14.0	0.09	0.60	4.4	NA	NA
71	292	**IC Industries**	235.8	41¼– 8	29⅜	1.66	17.7	0.81	0.88	3.0	13.61	0.46
345	17	**ICH**	87.3	32⅝– 3⅞	8	2.43	3.3	0.17	none	0.0	13.53	1.69
929	961	**Ideal Basic Inds**	–86.0	26 – 1⅛	2⅝	–0.77	def	1.98	none	0.0	0.13	0.05
701	696	**Illinois Power**	4.8	32 –17⅝	24⅞	4.20	5.9	1.35	2.64	10.6	25.81	1.04
79	200	**Illinois Tool Works**	221.0	49½– 9⅜	31½	2.60	12.1	0.99	0.40	1.3	9.30	0.30
825	761	**Imperial Corp of Am**	–25.0	19 – 5⅛	9⅜	3.69	2.5	0.13	0.40	4.3	15.33	1.63
581	848	**Inco**	37.3	24 – 8⅝	16⅛	0.19	NM	1.05	0.20	1.2	10.62	0.66
324	822	**Ingersoll-Rand**	97.8	45¾–14¼	31¼	3.15	9.9	0.62	1.04	3.3	20.44	0.65
NR	NR	**Ingles Markets**	NA	13⅛– 7⅝	8¾	0.63	13.9	0.24	none	0.0	4.05	0.46
757	860	**Inland Steel Inds**	–9.1	35¼–14½	23⅝	3.13	7.5	0.23	none	0.0	33.25	1.41
743	638	**Insilco**	–4.7	26¼–12¾	15⅞	1.65	9.6	0.46	1.00	6.3	15.88	1.00
869	931	**Inspiration Resource**	–42.2†	15¼– 3¾	6½	–0.74	def	0.37	none	0.0	4.89	0.75
769	490	**Integrated Resources**	–12.9	46 –11⅞	20¼	3.08	6.6	0.15	none	0.0	28.44	1.40
372	613	**Intel**	80.0	41⅞–10⅞	23¼	0.48	48.4	2.43	none	0.0	7.22	0.31
689	608	**Interco**	8.2	54 –27½	33	3.45	9.6	0.43	1.60	4.8	36.78	1.11
435	242	**Intergraph**	65.4	40½–11⅜	19¾	1.14	17.3	1.85	none	0.0	8.80	0.45
258	486	**Interlake**	116.5	55 –15⅞	36	3.56	10.1	0.54	1.40	3.9	21.75	0.60
190	194	**Intermark**	141.7	16½– 3¾	8⅛	0.32	25.4	0.10	0.11	1.4	8.57	1.05
638	504	**IBM**	23.0	175⅞–92¼	118⅜	7.53	15.7	1.35	4.40	3.7	56.73	0.48
489	540	**Intl Flavors & Frags**	55.2	58 –22⅞	42⅞	2.72	15.8	2.26	1.24	2.9	13.87	0.32
682	849	**Intl Minerals & Chem**	10.1	53 –25	35⅜	1.17	30.2	0.56	1.00	2.8	32.09	0.91
605	574	**Intl Multifoods**	30.3	39¾–15⅜	26½	4.08	6.5	0.25	1.18	4.5	22.76	0.86
501	592	**International Paper**	54.0	57⅞–22⅛	37¼	4.67	8.0	0.51	1.20	3.2	34.62	0.93
183	205	**Interpublic Group**	143.6	43½–11½	29⅜	2.06	14.3	0.73	0.68	2.3	10.95	0.37
100	201	**Interstate Bakeries**	200.0	40¾– 5⅞	18½	1.52	12.2	0.19	none	0.0	13.45	0.73
452	414	**Iowa-Illinois G&E**	61.4	47 –20⅛	35½	4.33	8.2	0.98	3.04	8.6	28.95	0.82
533	471	**Iowa Resources**	47.7	27½–12⅛	19⅜	2.03	9.5	1.24	1.64	8.5	15.82	0.82

Note: Except as indicated, price changes are from Dec. 31, 1982 to Nov. 18, 1987. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. *Price change does not reflect the value of shares received in a spinoff. †Four-year price change. ††Three-year price change. ‡Does not reflect special cash dividend of $65 paid in 1987. Price change would have been 134.8%. NA: Not available. NE: Negative equity. NM: Not meaningful. def: Deficit.

Sources: Forbes; William O'Neil & Co.

Rank 87	Rank 86	Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
398	391	**Ipalco Enterprises**	74.1	29½–12¼	22⅝	$3.67	6.2	1.54	$1.56	6.9%	$16.49	0.73
192	567	**Irving Bank**	140.7	78½–20⅝	49½	0.49	NM	0.43	2.24	4.5	53.83	1.09
494	623	**ITT**	54.4	66⅜–21¾	48¼	5.15	9.4	0.84	1.25	2.6	46.96	0.97
796	811	**IU International**	–19.1	25⅝–11	13¼	0.82	16.2	0.24	0.60	4.5	8.65	0.65
602	72	**James River Corp Va**	31.5	43¾–15½	22⅛	2.00	11.1	0.40	0.40	1.8	21.22	0.96
515	44	**Jamesway**	51.6	16¼– 4⅜	7⅜	0.90	8.5	0.16	0.08	1.0	7.87	1.03
226	285	**Jefferson-Pilot**	126.9	42½–12¼	29¾	4.00	7.4	1.15	1.20	4.0	31.41	1.06
56	404	**Jefferson Smurfit**	264.4†	78½– 7½	46	3.65	12.6	0.83	0.75	1.6	7.38	0.16
746	596	**Jerrico**	–6.5	26⅜– 8⅞	14⅜	1.19	12.1	0.51	0.16	1.1	10.63	0.74
87	152	**Jim Walter**	213.6	62⅜–14⅛	59	4.09	14.4	0.98	1.20	2.0	27.85	0.47
471	620	**Johnson & Johnson**	57.4	105⅜–28	78⅛	4.43	17.6	1.75	1.68	2.2	16.34	0.21
498	379	**Johnson Controls**	54.1	40 –16⅞	27¼	2.20	12.4	0.38	1.06	3.9	20.34	0.75
779	841	**Earle M Jorgensen**	–16.6	31¾–21½	21⅞	–2.15	def	0.44	1.00	4.6	22.81	1.04
252	206	**Jostens**	119.0	25 – 7⅜	18¼	1.25	14.7	1.07	0.56	3.1	3.15	0.17
320	229	**K mart**	98.6	48⅜–14½	29⅛	4.05	7.2	0.23	1.16	4.0	19.66	0.67
854	826	**KaiserTech**	–33.9	23¼– 7¾	10	–9.56	def	0.22	none	0.0	22.34	2.23
182	140	**Kaman**	[illegible]	21⅜– 5⅜	13¾	1.31	10.5	0.35	0.40	2.9	7.89	0.57
547	513	**Kansas City P&L**	45.3	32¼–14¼	26⅞	2.61	10.3	1.19	2.24	8.3	27.79	1.03
751	703	**Kansas City Southern**	–8.1	79¾–35	42½	–2.57	def	0.81	1.08	2.5	36.42	0.86
696	NR	**Kansas Gas & Elec**	6.8	25⅝– 9⅝	19⅝	1.90	10.3	1.55	1.48	7.5	20.17	1.03
302	240	**Kansas Power & Light**	104.2	32½–11⅝	24⅝	2.45	10.1	0.73	1.65	6.7	16.35	0.66
279	361	**Kaufman & Broad**	111.8	19¼– 4¾	12	1.93	6.2	0.26	0.32	2.7	10.26	0.85
NR	482	**Kay**	NA	14⅛– 4¾	8⅝	2.32	3.7	0.07	0.12	1.4	5.91	0.68
40	118	**Kellogg**	308.5	68¾–12⅜	54⅜	3.10	17.5	1.85	1.36	2.5	7.27	0.13
158	27	**Kellwood**	158.7	41 – 6¾	18	2.31	7.8	0.36	0.60	3.3	13.38	0.74
33	102	**Kelly Services**	323.4	49⅜– 7⅞	35	1.89	18.5	0.75	0.56	1.6	6.15	0.18
357	455	**Kemper**	82.8	38¾– 9¾	23	4.38	5.3	0.39	0.60	2.6	23.41	1.02
399	302	**Kentucky Utilities**	73.6	24⅛–10	18⅞	1.58	11.9	1.28	1.30	6.9	12.06	0.64
817	816	**Kerr Glass Mfg**	–23.1	21¼– 8⅛	10	0.42	23.8	0.15	0.44	4.4	10.91	1.09
678	863	**Kerr-McGee**	12.2	46⅞–23½	32¼	1.59	20.3	0.61	1.10	3.4	27.67	0.86
83	153	**KeyCorp**	217.9	31 – 6⅜	22¼	3.00	7.4	0.66	1.12	5.0	19.50	0.88
53	NR	**Kimball International**	279.5	26 – 4⅞	18½	1.52	12.1	0.79	0.44	2.4	9.44	0.51
116	415	**Kimberly-Clark**	189.7	63¼–16½	53½	4.14	12.9	0.97	1.44	2.7	20.89	0.39
NR	NR	**KN Energy**	NA	24¼– 6⅜	15½	0.02	NM	0.46	1.00	6.5	14.41	0.93
458	230	**Knight-Ridder**	60.1	61¼–21¼	39⅝	2.54	15.6	1.12	1.00	2.5	14.28	0.36
295	646	**Koppers**	105.5	50⅜–15⅜	32⅞	2.40	13.7	0.61	1.20	3.6	16.51	0.50
264	215	**Kraft**	114.6*	64¼–19½	49	3.33	14.7	0.64	1.88	3.8	13.29	0.27
607	469	**Kroger**	30.2	41½–14⅝	25⅝	1.82	14.1	0.12	1.05	4.1	12.25	0.48
247	154	**Laclede Gas**	120.9	40½–11⅜	27¾	2.88	9.6	0.49	2.10	7.6	21.09	0.76
759	852	**Lafarge**	–9.7†	16⅛– 6¾	10⅜	1.34	7.7	0.39	0.24	2.3	10.10	0.97
125	NR	**Laidlaw Industries**	179.1	27½– 7¼	21⅝	0.91	23.8	0.91	0.20	0.9	6.12	0.28
138	151	**Leggett & Platt**	172.2	36⅞– 8⅛	23¼	2.30	10.1	0.60	0.56	2.4	11.38	0.49
NR	NR	**Leslie Fay Cos**	NA	17¾– 4½	6	0.89	6.7	0.20	none	0.0	4.80	0.80
394	522	**Life Investors**	75.2	53 –27¾	49½	3.74	13.2	0.33	0.24	0.5	41.07	0.83
179	357	**Eli Lilly**	145.2	107¾–26½	70½	4.43	15.9	2.45	2.30	3.3	19.70	0.28
16	4	**Limited**	387.5	52⅞– 3⅛	19½	1.36	14.3	1.05	0.24	1.2	6.58	0.34
337	462	**Lincoln National**	89.9	62¾–21⅛	42½	6.25	6.8	0.27	2.36	5.6	44.54	1.05
679	667	**Liquid Air**	12.0	37 –18¼	21	2.46	8.5	0.48	1.60	7.6	23.63	1.13
483	690	**Litton Industries**	56.2	108¼–46½	76¾	5.16	14.9	0.45	none	0.0	40.28	0.52
8	7	**Liz Claiborne**	651.4	39⅛– 1⅞	17½	1.28	13.6	1.51	0.18	1.0	2.87	0.16
465	211	**Lockheed**	58.2	61½–23⅛	38⅜	6.00	6.4	0.23	1.40	3.6	28.44	0.74
50	74	**Loews**	284.8	96¼–17¼	73⅝	6.41	11.5	0.65	1.00	1.4	36.07	0.49
842	797	**Lone Star Industries**	–29.9	41¾–15	21⅜	5.69	3.8	0.45	1.90	8.9	38.09	1.78
892	853	**Long Island Lighting**	–53.3	17½– 3¾	8	1.22	6.6	0.44	none	0.0	27.99	3.50
410	454	**Longs Drug Stores**	70.5	41 –16⅞	30⅜	1.96	15.5	0.38	0.80	2.6	13.74	0.45
274	692	**Longview Fibre**	112.8	75 –17¾	41½	5.58	7.4	0.82	1.60	3.9	21.05	0.51
529	424	**Loral**	48.1	49¼–18⅜	30⅜	2.62	11.7	0.71	0.64	2.1	15.11	0.49
NR	NR	**Lorimar-Telepictures**	NA	32⅝– 6⅜	9⅝	–3.32	def	0.55	none	0.0	8.40	0.87
707	807	**Louisiana Land**	3.2†	43⅛–22¼	28	–1.03	def	1.14	1.00	3.6	19.38	0.69
685	598	**Louisiana-Pacific**	9.4	39¾–15½	27¼	2.91	9.4	0.57	0.80	2.9	24.86	0.91
473	443	**Louisville G&E**	57.3	44⅜–20⅛	33⅝	3.38	9.9	1.05	2.66	7.9	26.03	0.77
760	188	**Lowe's Cos**	–9.7	41½–16¼	18¾	1.47	12.8	0.31	0.44	2.3	13.64	0.73
916	955	**LTV**	–74.7	19⅞– 1⅛	2⅞	–2.99	def	0.04	none	0.0	–21.53	NE
546	717	**Lubrizol**	45.3	42⅛–17½	27¼	2.07	13.2	1.09	1.28	4.7	14.43	0.53

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Sources: Forbes; William O'Neil & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 87	Rank 86	Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
557	389	**Lucky Stores**	42.9	35½–12½	25	$6.50	3.8	0.14	$0.50	2.0%	$ 7.08	0.28
69	791	**Lukens**	240.0	58¾– 9¾	42½	2.61	16.3	0.50	0.68	1.6	23.59	0.56
902	920	**M/A-Com**	–60.5	35⅛– 7¼	9⅛	–1.06	def	0.68	0.24	2.6	10.63	1.16
856	918	**Mack Trucks**	–34.7†	22⅜– 9⅛	13⅞	0.67	20.7	0.22	none	0.0	15.99	1.15
43	69	**Macmillan**	303.3	75⅝– 9½	46⅝	2.84	16.4	1.19	0.72	1.5	13.22	0.28
845	768	**Manhattan Industries**	–30.2	23 – 7½	7¾	–0.96	def	0.12	0.20	2.6	11.58	1.49
326	108	**Manor Care**	96.9	25½– 5⅜	14	1.07	13.1	1.10	0.13	0.9	5.08	0.36
839	760	**Manufacturers Hanover**	–29.7	57¾–22½	29¼	–25.95	def	0.19	3.28	11.2	74.33	2.54
114	98	**Manufacturers Natl**	190.7	53½–11⅛	35¼	3.43	10.3	0.59	1.60	4.5	39.18	1.11
910	951	**Manville**	–71.9	16⅝– 1⅝	2⅞	4.68	0.6	0.03	none	0.0	35.89	12.46
381	594	**Mapco**	78.7	66⅝–21	42	2.83	14.8	0.57	1.00	2.4	23.01	0.55
28	533	**Marine Midland Banks**	338.0	82⅜–18½	82⅛	–9.68	def	0.66	2.04	2.5	62.17	0.76
6	NR	**Marion Laboratories**	723.6	41½– 2¾	26	0.70	37.1	6.10	0.28	1.1	2.01	0.08
159	125	**Marriott**	158.5	43⅞–10	30¼	1.60	18.9	0.63	0.16	0.5	7.59	0.25
160	167	**Marsh & McLennan Cos**	158.2	76¾–17⅞	53¼	4.02	13.2	1.91	2.40	4.5	8.65	0.16
642	308	**Marsh Supermarkets**	22.1	21½– 8⅜	14¼	1.47	9.7	0.09	0.44	3.1	9.94	0.70
212	106	**Marshall & Ilsley**	132.8	38⅞–10¾	26	3.03	8.6	0.82	0.84	3.2	19.43	0.75
289	382	**Martin Marietta**	108.3	56½–16⅞	40½	3.92	10.3	0.43	1.10	2.7	15.35	0.38
401	307	**Masco**	73.6*	40⅞–11¼	24⅝	1.83	13.5	1.71	0.40	1.6	8.84	0.36
20	NR	**Masco Industries**	375.6††	18¾– 1½	11	0.79	14.0	0.64	none	0.0	3.69	0.34
891	832	**Mattel**	–51.9	17⅛– 4⅞	8	–0.37	def	0.36	none	0.0	3.21	0.40
782	568	**Maxicare Health**	–17.1†	28½– 6	6⅛	–1.49	def	0.13	none	0.0	6.82	1.03
NR	NR	**Maxus Energy**	NA	16 – 6	8½	–6.04	def	0.82	none	0.0	8.16	0.96
338	121	**May Dept Stores**	89.4	50⅞–13⅜	29¾	2.76	10.8	0.43	1.14	3.8	17.01	0.57
3	NR	**Mayfair Super Markets**	865.3	26¼– ⅜	14¾	1.25	11.8	0.24	none	0.0	2.62	0.18
237	181	**Maytag**	124.6	32⅝– 8⅝	21⅛	1.86	11.4	0.87	0.90	4.3	6.53	0.31
493	259	**MCA**	54.5	64½–21⅜	36½	1.78	20.5	1.09	0.68	1.9	20.88	0.57
614	481	**McCormick & Co**	28.6	51⅝–24⅝	34¼	2.80	12.2	0.39	1.00	2.9	22.59	0.66
802	910	**McDermott Intl**	–20.3	33⅛–13⅝	16⅛	–16.80	def	0.18	1.80	11.2	27.94	1.73
174	227	**McDonald's**	148.8	61⅛–15⅞	44½	2.77	16.0	1.83	0.50	1.1	12.58	0.28
559	336	**McDonnell Douglas**	42.3	91⅛–39¾	59¾	7.72	7.7	0.18	2.32	3.9	70.12	1.17
534	491	**McGraw-Hill**	47.5	84½–33⅞	55½	3.09	18.0	1.65	1.68	3.0	17.03	0.31
880	869	**MCI Communications**	–47.1	28½– 5	9⅝	–1.68	def	0.72	none	0.0	4.43	0.46
577	611	**McKesson**	39.1	40⅛–16¼	28	2.06	13.6	0.17	1.28	4.6	17.60	0.63
930	932	**MCorp**	–86.2	34⅞– 3	3⅝	–4.82	def	0.08	none	0.0	23.25	6.41
875	NR	**MDC Holdings**	–45.5	22½– 6	6¾	1.14	5.9	0.18	0.40	5.9	11.05	1.64
92	403	**Mead**	209.3	48⅜– 9⅛	29	2.29	12.6	0.45	0.66	2.3	16.91	0.58
101	464	**Media General**	198.9	48¼– 9¾	32½	–1.27	def	1.31	0.34	1.0	11.15	0.34
783	689	**Mellon Bank**	–17.1	72½–28	31⅜	–22.09	def	0.27	1.40	4.5	64.16	2.04
497	248	**Melville**	54.1	84 –30⅛	54½	4.74	11.5	0.52	1.76	3.2	23.29	0.43
560	386	**Mercantile Bancorp**	42.1	37⅛–13⅝	19½	–0.07	def	0.47	1.40	7.2	29.58	1.52
299	109	**Mercantile Stores**	105.2	53⅜–15	38	3.26	11.6	0.67	0.70	1.8	20.84	0.55
42	421	**Merck**	304.1	223 –39⅛	171	6.19	27.6	4.85	3.20	1.9	18.83	0.11
371	209	**Meredith**	80.1	43¼–13⅛	26	1.85	14.0	0.83	0.56	2.2	17.18	0.66
382	500	**Meridian Bancorp**	78.4†	27⅝– 9½	18⅞	2.55	7.4	0.68	1.00	5.3	16.42	0.87
888	881	**Meritor Financial**	–51.1†	13⅛– 4½	5½	–10.19	def	0.11	0.20	3.6	27.67	5.03
830	465	**Merrill Lynch**	–26.2	56½–21¾	22⅛	5.38	4.1	0.22	1.00	4.5	26.56	1.20
NR	NR	**Fred Meyer**	NA	17⅞–10⅛	12	1.21	9.9	0.15	none	0.0	8.61	0.72
143	572	**Michigan National**	168.1	49½–10¾	35¾	4.41	8.1	0.62	1.40	3.9	30.74	0.86
874	799	**Middle South Utils**	–45.3	16¾– 8⅛	8⅛	2.15	3.8	0.48	none	0.0	21.28	2.62
175	145	**Midlantic Banks**	148.7	52⅛–14⅛	35⅛	4.09	8.6	0.85	1.48	4.2	27.70	0.79
522	NR	**Midwest Energy**	49.8	26 –10¾	17⅛	1.47	11.7	0.68	1.52	8.9	12.08	0.71
288	349	**Herman Miller**	108.3	31 – 8	17⅞	1.42	12.6	0.73	0.44	2.5	8.69	0.49
412	558	**Minn Mining & Mfg**	70.3	83½–34⅛	63⅞	3.88	16.4	1.60	1.86	2.9	19.53	0.31
5	1	**Minstar**	734.1	35½– 1⅜	18¼	0.19	96.1	0.52	none	0.0	13.87	0.76
870	913	**Mitchell Energy**	–42.2	33⅛– 8¼	8⅞	0.12	74.0	0.76	0.24	2.7	12.02	1.35
124	175	**MNC Financial**	179.8	50⅞–11¾	32⅞	4.82	6.8	0.62	1.56	4.7	28.68	0.87
540	659	**Mobil**	46.3	55 –22½	36¾	2.63	14.0	0.31	2.20	6.0	37.28	1.01
275	233	**Mohasco**	112.8	28⅝– 6¾	15¼	0.85	17.9	0.26	0.28	1.8	16.39	1.07
388	341	**Monarch Capital**	77.1	91¼–23¾	42½	7.11	6.0	0.14	none	0.0	47.38	1.11
336	515	**Monsanto**	90.5	100¼–37⅛	72⅝	5.29	13.7	0.77	2.80	3.9	48.69	0.67
641	682	**Montana Power**	22.2	43⅜–16⅝	31⅝	2.30	13.8	1.13	2.68	8.5	31.78	1.00
594	584	**Moore Corp**	34.1	27⅝–11⅝	18½	1.30	14.2	0.77	0.76	4.1	11.01	0.60
780	895	**Moore McCormack**	–16.7	29½–14½	18¾	1.71	11.0	0.47	0.52	2.8	26.41	1.41
281	252	**JP Morgan & Co**	110.4	53⅝–14⅛	35½	1.21	29.3	0.97	1.36	3.8	27.42	0.77

Note: Except as indicated, price changes are from Dec. 31, 1982 to Nov. 18, 1987. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. *Price change does not reflect the value of shares received in a spinoff. †Four-year price change. ††Three-year price change. ‡Does not include stock dividends given in another company as part of the dividend. NA: Not available. NE: Negative equity. NM: Not meaningful. def: Deficit.

Sources: Forbes; William O'Neil & Co.

Rank 87	Rank 86	Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/earnings ratio	Price/sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/recent price
NR	NR	**Morgan Stanley**	NA	85⅞–45	48¾	$10.14	4.8	0.40	$0.80	1.6%	$31.68	0.65
555	237	**Morrison**	43.3	24⅛– 9⅜	17⅛	1.16	14.7	0.52	0.40	2.3	8.64	0.51
572	656	**Morrison-Knudsen**	39.7	55⅝–23¾	33⅞	–4.20	def	0.19	1.48	4.4	39.74	1.17
225	199	**Morton Thiokol**	127.6	54¾–16	37¾	3.05	12.4	0.87	0.84	2.2	19.87	0.53
530	579	**Motorola**	47.9	74 –26⅞	42⅞	2.09	20.5	0.85	0.64	1.5	21.48	0.50
480	295	**Munford**	56.5	37⅞–10¼	17¼	–0.57	def	0.15	0.54	3.1	13.82	0.80
695	850	**Murphy Oil**	7.0	42¾–20¼	24⅞	–5.60	def	0.60	1.00	4.0	23.12	0.93
167	228	**Nacco Industries**	153.3	32¼– 8⅛	21	3.98	5.3	0.37	0.52	2.5	19.57	0.93
705	800	**Nalco Chemical**	3.4	45½–21	30	1.88	16.0	1.47	1.20	4.0	10.38	0.35
97	154	**Nash Finch**	204.4	27 – 5½	17¼	1.53	11.2	0.09	0.58	3.4	11.34	0.66
15	331	**Nashua**	405.0	40⅜– 4⅞	25⅞	2.42	10.7	0.30	0.28	1.1	18.23	0.70
107	212	**National City**	196.7	38½– 9	28⅛	2.89	9.7	0.81	1.20	4.3	20.79	0.74
729	708	**Natl Convenience**	–1.5	18½– 6	7⅞	–0.25	def	0.21	0.36	4.6	3.27	0.42
222	612	**National Distillers**	130.1	88 –22¾	56⅜	6.81	8.3	0.78	2.20	3.9	29.77	0.53
150	287	**National Fuel Gas**	162.2	24 – 6⅞	18¼	1.49	12.2	0.64	1.20	6.6	14.14	0.77
849	899	**National Intergroup**	–32.9	37⅝–10¼	11¾	–1.20	def	0.06	0.25	2.1	33.95	2.89
776	582	**National Medical**	–15.4	32⅞–17⅝	19⅝	0.90	21.8	0.50	0.64	3.3	12.47	0.64
426	648	**Natl Semiconductor**	67.1	22¼– 6⅜	12¼	0.29	def	0.66	none	0.0	8.05	0.66
280	168	**National Service**	110.6	28⅝– 8¼	19¾	1.54	12.8	0.73	0.64	3.2	9.39	0.48
820	847	**National-Standard**	–23.5	18 – 7	7¾	–2.83	def	0.11	none	0.0	19.85	2.56
724	866	**Navistar Intl**	0.0	14¾– 3⅝	4¼	–0.17	def	0.29	none	0.0	–0.25	NE
117	183	**NBD Bancorp**	187.6	40⅛– 9⅛	29	3.42	8.5	0.72	1.20	4.1	29.24	1.01
297	312	**NCNB**	105.3	29⅛– 8⅞	19¼	2.45	7.9	0.68	0.92	4.8	16.42	0.85
102	128	**NCR**	198.8	87¼–19⅝	64¼	4.11	15.6	1.10	1.00	1.6	25.50	0.40
NR	NR	**Neiman-Marcus Group**	NA	45½–12⅝	13⅜	–1.20	def	0.38	0.20	1.5	NA	NA
519	395	**New England Electric**	50.4	35¼–14⅜	25	3.15	7.9	0.95	2.04	8.2	20.24	0.81
659	485	**NY State E&G**	17.9	38½–14¾	25½	–1.68	def	1.08	2.64	10.4	25.86	1.01
104	63	**New York Times**	198.7	49⅝– 9	28½	1.87	15.2	1.41	0.44	1.5	8.59	0.30
663	732	**Newmont Mining**	16.4‡	102¼–15½	32	3.78	8.5	4.38	0.60	1.9	23.85	0.75
778	707	**Niagara Mohawk Power**	–16.0	25½–11¾	13⅛	0.98	13.4	0.64	1.20	9.1	20.23	1.54
772	839	**Nicor**	–13.6	34½–19	23⅞	2.57	9.3	0.47	1.80	7.5	17.85	0.75
827	829	**NIKE**	–25.2	24¾– 3⅜	16⅞	1.19	14.2	0.71	0.40	2.4	8.90	0.53
907	956	**NL Industries**	–68.7	21⅛– 3⅜	5¾	–1.09	def	0.27	0.20	3.5	5.91	1.03
66	56	**Nordstrom**	242.2	40¾– 5⅝	20¾	1.37	15.1	0.92	none	0.0	5.57	0.27
616	683	**Norfolk Southern**	27.4	38¼–16⅛	23¼	2.27	10.2	1.08	1.20	5.2	26.78	1.15
315	378	**Norstar Bancorp**	100.2	35¾–12½	26	2.98	8.7	0.90	1.40	5.4	19.52	0.75
721	585	**Nortek**	0.8	19¼– 5	8⅛	1.26	6.4	0.10	0.10	1.2	14.83	1.82
391	289	**Northeast Utilities**	76.3	28¼–10⅝	21⅜	2.30	9.3	1.14	1.76	8.2	17.34	0.81
838	798	**No Indiana Pub Svc**	–29.7	15½– 8	8⅞	0.62	14.3	0.45	0.60	6.8	13.16	1.48
284	288	**No States Power**	109.2	40⅛–14¼	31⅜	3.21	9.8	1.11	2.02	6.4	20.81	0.66
168	216	**Northern Trust**	151.7	51 –14¾	37¾	–1.40	def	0.71	0.92	2.4	28.76	0.76
661	412	**Northrop**	16.4	56⅝–21⅞	29¼	1.47	19.9	0.23	1.20	4.1	19.29	0.66
394	445	**No'western Natl Life**	75.2	36½–14⅛	24¾	4.07	6.1	0.22	0.96	3.9	33.25	1.34
787	906	**Northwestern Steel**	–18.0	26¾– 8	16½	0.72	22.9	0.31	none	0.0	22.23	1.35
636	840	**Norton**	23.4	60½–30¾	40¼	–1.33	def	0.71	2.00	5.0	21.92	0.54
554	681	**Norwest**	44.2	48 –21½	35½	–1.83	def	0.46	1.80	5.1	38.42	1.08
451	686	**Nucor**	61.4	49½–17⅜	33⅝	2.15	15.6	0.90	0.36	1.1	18.16	0.54
803	510	**NWA**	–20.5	76 –33½	37⅜	4.05	9.2	0.22	0.90	2.4	46.29	1.24
255	540	**Nynex**	118.7†	78⅜–29⅜	67¼	6.14	11.0	1.15	3.80	5.7	43.75	0.65
617	790	**Occidental Petroleum**	27.2	39⅝–18	25⅛	0.83	30.3	0.31	2.50	9.9	24.79	0.99
367	636	**Ogden**	80.4	44⅝–12⅛	25¼	5.49	4.6	1.20	1.00	4.0	10.02	0.40
455	411	**Ogilvy Group**	61.0	45¼–14⅝	23¾	1.91	12.4	0.48	0.84	3.5	11.61	0.49
373	597	**Ohio Casualty**	79.6	49¼–17⅜	38½	5.01	7.7	0.56	1.68	4.4	26.80	0.70
551	624	**Ohio Edison**	44.6	23¼– 9⅜	20¼	2.60	7.8	1.71	1.96	9.7	16.96	0.84
490	405	**Oklahoma G&E**	54.8	38¾–16⅞	30	2.56	11.7	1.26	2.18	7.3	20.43	0.68
548	457	**Old Republic Intl**	45.2	38⅜–13⅞	22¾	4.68	4.9	0.36	0.74	3.3	27.38	1.20
504	593	**Olin**	53.2	56¼–23	36	3.04	11.8	0.47	1.60	4.4	30.56	0.85
NR	NR	**Omnicom Group**	NA	28¾–16¼	17⅝	1.07	16.5	0.56	0.98	5.6	7.11	0.40
740	748	**Oneok**	–4.2	44 –20	25½	1.36	18.8	0.61	2.56	10.0	24.71	0.97
464	368	**Orange & Rockland**	58.3	40 –17	29⅞	2.93	10.2	0.82	2.22	7.4	21.72	0.73
762	587	**Orion Capital**	–10.0	40¼–13⅝	14⅝	–6.73	def	0.19	0.76	5.2	17.70	1.21
630	269	**Outboard Marine**	24.7	38½–13½	18	2.56	7.0	0.27	0.64	3.6	23.06	1.28
NR	NR	**Owens-Corning**	NA	32⅜– 8⅞	14	4.88	2.9	0.18	none	0.0	–25.94	NE
715	384	**Oxford Industries**	1.8	25⅞–10½	11⅛	0.96	11.6	0.21	0.50	4.5	11.84	1.06
612	739	**Paccar**	28.9	78¼–38½	53	5.70	9.3	0.42	1.60	3.0	40.54	0.76

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Sources: Forbes; William O'Neil & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank		Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
87	86											
NR	NR	**PACE Membership**	**NA**	21½– 3⅞	6	$0.05	NM	0.11	none	0.0%	$ 7.05	1.18
621	441	**Pacific G&E**	**26.2**	27⅞–12	17¾	1.50	11.8	0.90	$1.92	10.8	19.06	1.07
386	629	**Pacific Lighting**	**77.6**	61¼–27⅞	50⅛	3.81	13.2	0.57	3.48	6.9	26.25	0.52
691	766	**Pacific Resources**	**7.9**	17⅜– 5⅝	8⅜	0.15	55.9	0.16	0.05	0.6	10.06	1.20
316	580	**Pacific Telesis**	**100.0†**	33¾–12⅞	27¾	2.52	11.0	1.33	1.64	5.9	18.01	0.65
472	539	**PacifiCorp**	**57.4**	39 –20	33¼	3.69	9.0	1.06	2.52	7.6	24.71	0.74
881	499	**PaineWebber Group**	**–47.4**	49⅛–13⅛	16⅝	2.66	6.3	0.20	0.52	3.1	21.28	1.28
705	526	**Pan Am**	**3.4**	9½– 2⅞	3¾	–1.59	def	0.15	none	0.0	0.06	0.02
NR	NR	**Panhandle Eastern**	**NA**	34¾–18¼	23	–0.05	def	0.69	2.00	8.7	18.92	0.82
306	655	**Parker-Hannifin**	**103.5**	49 –12⅞	29	1.94	14.9	0.68	0.80	2.8	16.50	0.57
NR	NR	**Pay'n Save**	**NA**	16¼– 4	4⅜	–2.73	def	0.11	none	0.0	6.02	1.37
868	480	**Payless Cashways**	**–41.9**	34½–12	12¾	1.20	10.6	0.26	0.16	1.3	10.67	0.84
439	534	**Penn Central**	**64.5**	68⅜–24½	43⅜	3.12	13.9	1.02	0.05	0.1	54.58	1.26
340	305	**JC Penney**	**89.1**	66 –20⅞	45¾	3.98	11.5	0.45	1.48	3.2	29.01	0.63
444	459	**Pennsylvania P&L**	**63.1**	43⅜–19½	34¼	3.31	10.3	1.23	2.68	7.8	25.71	0.75
586	571	**Pennwalt**	**35.6**	68¼–29	40½	3.57	11.3	0.39	2.40	5.9	31.59	0.78
323	692	**Pennzoil**	**97.9**	95 –30¾	69½	1.28	54.3	1.70	2.20	3.2	16.79	0.24
355	272	**Pentair**	**84.1**	32¾–10	18¾	1.64	11.4	0.21	0.69	3.7	16.82	0.90
425	313	**Peoples Energy**	**67.1**	26¾– 8⅜	16½	1.66	9.9	0.46	1.44	8.7	14.02	0.85
47	NR	**Pep Boys**	**291.2**	18⅞– 2⅞	12½	1.13	11.1	1.31	0.08	0.5	3.80	0.30
134	479	**PepsiCo**	**174.8**	42¼–10⅞	32¾	2.14	15.3	0.77	0.68	2.1	7.91	0.24
798	NR	**Perini**	**–19.4††**	35⅛–21⅛	22⅜	2.25	9.9	0.10	0.80	3.6	26.50	1.18
800	815	**Perkin-Elmer**	**–20.2**	41⅛–17⅞	22⅝	–0.40	def	0.77	0.60	2.7	15.34	0.68
727	156	**Perry Drug Stores**	**–0.5**	20⅞– 4⅞	5¾	–0.30	def	0.08	0.22	3.8	8.17	1.42
440	271	**Petrie Stores**	**64.1**	40 –11⅝	21⅛	1.55	13.6	0.79	0.70	3.3	11.07	0.52
518	492	**Pfizer**	**50.6**	77 –29⅜	51⅞	4.20	12.4	1.78	1.80	3.5	20.70	0.40
583	912	**Phelps Dodge**	**36.9**	56 –12⅞	38½	2.03	19.0	0.90	0.60	1.6	30.04	0.78
816	727	**PHH Group**	**–23.0**	47 –18	28⅞	2.41	12.0	0.34	1.08	3.7	17.29	0.60
676	643	**Philadelphia Elec**	**13.2**	26 – 9	19¼	2.25	8.6	1.17	2.20	11.4	18.48	0.96
106	318	**Philip Morris Cos**	**197.1**	124½–27	89⅛	7.30	12.2	0.95	3.60	4.0	23.77	0.27
207	NR	**Philips Industries**	**133.6**	23⅞– 5¼	14¾	1.41	10.5	0.61	0.44	3.0	6.43	0.44
720	864	**Phillips Petroleum**	**1.1**	18¾– 8¼	11	–0.03	def	0.25	0.60	5.5	7.49	0.68
206	73	**Phillips-Van Heusen**	**134.1**	26½– 3¼	9⅛	2.87	3.2	0.30	0.28	3.1	10.87	1.19
173	164	**Pillsbury**	**149.0**	48⅞–10⅞	31⅛	2.49	12.5	0.43	1.12	3.6	16.00	0.51
674	688	**Pinnacle West**	**13.8**	32¾–14½	27¾	3.18	8.7	1.82	2.80	10.1	25.84	0.93
623	777	**Pioneer Hi-Bred Intl**	**25.5**	43¾–21¼	29½	1.69	17.5	1.12	1.04	3.5	15.99	0.54
105	71	**Pitney Bowes**	**198.4**	50¼–10½	34⅛	4.00	8.5	1.21	0.76	2.2	11.59	0.34
834	921	**Pittston**	**–27.3**	18⅛– 9⅜	10	0.33	30.3	0.29	none	0.0	13.57	1.36
613	570	**Pittway**	**28.7**	116¾–49½	65½	6.36	10.3	0.48	1.80	2.7	61.50	0.94
416	552	**PNC Financial**	**69.7†**	51 –15⅞	36⅜	4.07	8.9	1.15	1.68	4.6	24.57	0.68
406	210	**Polaroid**	**71.3**	42¾–12⅛	21⅝	2.50	8.7	0.76	0.60	2.8	16.07	0.74
517	358	**Portland General**	**50.8**	36⅜–13	23	1.82	12.6	1.39	1.96	8.5	18.58	0.81
578	600	**Potlatch**	**38.8**	41⅞–12⅞	25½	3.68	6.9	0.69	0.92	3.6	20.10	0.79
170	180	**Potomac Electric**	**150.7**	29⅝– 8⅛	22⅞	2.18	10.5	1.60	1.30	5.7	11.84	0.52
161	165	**PPG Industries**	**158.0**	53½–12½	33⅜	3.56	9.4	0.79	1.20	3.6	16.57	0.50
NR	NR	**Premark Intl**	**NA**	31¾–17½	22⅛	–1.48	def	0.36	0.32	1.4	16.83	0.76
774	NR	**Premier Bancorp**	**–14.6**	20½– 6⅝	8¾	–0.19	def	0.47	none	0.0	12.99	1.48
220	313	**Price Co**	**131.3**	55¾– 8¾	27¾	1.50	18.5	0.42	none	0.0	6.18	0.28
234	219	**Primark**	**125.1**	29⅛– 7⅞	18⅜	2.57	7.2	0.26	1.30	7.1	23.00	1.25
861	819	**Prime Computer**	**–38.8**	31 –11¾	14⅛	1.17	12.1	0.74	none	0.0	9.08	0.64
393	410	**Primerica**	**75.7**	53½–15⅛	27⅛	4.40	6.2	0.42	1.60	5.9	23.29	0.86
539	605	**Procter & Gamble**	**46.3**	103½–45⅝	86½	2.35	36.8	0.84	2.70	3.1	33.96	0.39
36	NR	**Progressive**	**317.3**	38½– 7⅜	30½	3.32	9.2	0.97	0.40	1.3	11.13	0.36
618	626	**Provident Life & Acc**	**26.7**	33 –11⅜	16	3.54	4.5	0.25	0.84	5.3	27.00	1.69
815	668	**PS Group**	**–22.9**	38⅛–15	23⅝	6.25	3.8	0.41	0.60	2.5	27.77	1.18
658	762	**Public Service Colo**	**18.0**	24⅛–16	20½	2.72	7.5	0.65	2.00	9.8	15.29	0.75
882	868	**Public Service Ind**	**–48.2**	27⅜– 6⅞	12⅞	2.17	5.9	0.66	none	0.0	2.26	0.18
918	905	**Public Service NH**	**–78.6**	20 – 2¼	3¾	2.27	1.7	0.27	none	0.0	19.61	5.23
789	698	**Public Service NM**	**–18.3**	39⅛–19½	21¼	2.66	8.0	1.25	2.92	13.7	26.51	1.25
457	436	**Public Svc Enterprise**	**60.5**	32⅛–13⅜	24⅞	1.73	14.4	1.19	2.00	8.0	17.93	0.72
287	64	**Pueblo International**	**108.8**	28⅛– 6½	17¾	1.86	9.5	0.08	0.20	1.1	15.62	0.88
626	649	**Puget Sound P&L**	**25.2**	25⅛– 9¼	19¼	1.59	12.1	1.41	1.76	9.1	15.29	0.79
389	273	**Pullman**	**76.7**	10⅝– 2⅜	4¾	0.38	12.5	0.37	0.12	2.5	4.01	0.84
903	169	**Pulte Home**	**–60.6**	37½– 6⅞	7⅜	0.90	8.5	0.22	0.12	1.6	7.94	1.04
35	113	**Quaker Oats**	**318.7**	57⅜–10⅛	44⅞	2.77	16.2	0.75	1.00	2.2	17.34	0.39

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Sources: Forbes; William O'Neil & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 87	Rank 86	Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
733	502	**Quaker State Oil**	–3.2	31¾–12⅞	15¼	$–1.55	def	0.48	$0.80	5.2%	$14.83	0.97
365	431	**Questar**	80.8	46⅛–15½	31⅜	2.11	15.0	1.25	1.88	5.9	23.72	0.75
46	53	**Ralston Purina**	292.9	94 –16⅝	68¾	7.27	9.5	0.83	1.24	1.8	13.10	0.19
669	784	**Ramada**	14.7	11⅞– 4	5⅞	0.26	22.6	0.32	none	0.0	7.59	1.29
417	710	**Raychem**	69.5	54⅞–15⅞	37½	2.39	15.7	1.37	0.24	0.6	16.07	0.43
511	630	**Raytheon**	52.2	84⅞–34¾	68⅛	5.76	11.8	0.66	1.80	2.6	26.39	0.39
NR	NR	**Reebok International**	NA	25⅛– 2⅞	10⅞	1.47	7.4	0.95	0.20	1.8	2.82	0.26
NR	NR	**Reliance Group**	NA	11½– 5	6⅛	2.05	3.0	0.13	0.24	3.9	4.35	0.71
442	521	**Republic New York**	63.8	57¾–21	41½	1.22	34.0	0.81	1.16	2.8	33.18	0.80
675	275	**Resorts Intl**	13.4	77 –21¾	25⅜	–2.88	def	0.36	none	0.0	15.97	0.63
693	NR	**Reynolds & Reynolds**	7.3	41½–12⅞	16½	1.91	8.6	0.57	0.76	4.6	16.14	0.98
68	573	**Reynolds Metals**	241.9	61¾–12½	43⅜	4.08	10.6	0.60	0.60	1.4	26.28	0.61
429	460	**Riggs National**	66.7	41½–11⅜	20	0.86	23.3	0.61	1.10	5.5	23.85	1.19
259	255	**Rite Aid**	116.5	46¼–14⅛	33⅜	3.17	10.5	0.67	0.66	2.0	10.96	0.33
191	372	**RJR Nabisco**	141.4*	71⅛–18⅛	49¼	4.77	10.3	0.78	1.92	3.9	21.22	0.43
704	621	**RLC**	4.2	12¼– 4⅜	6¼	0.26	24.0	0.26	0.20	3.2	6.59	1.05
726	613	**Roadway Services**	–0.4	45¾–23¼	28½	1.44	19.8	0.63	1.10	3.9	16.28	0.57
879	934	**HH Robertson**	–46.5	48½–10⅞	14½	–3.05	def	0.15	none	0.0	15.23	1.05
768	871	**AH Robins**	–12.7	29⅝– 5½	15½	3.58	4.3	0.45	none	0.0	2.03	0.13
741	640	**Rochester G&E**	–4.4	29⅞–12¼	16⅜	1.51	10.8	0.66	1.50	9.2	24.93	1.52
380	401	**Rockwell Intl**	78.8	31 –10	19	2.27	8.4	0.44	0.66	3.5	10.89	0.57
217	207	**Rohm & Haas**	131.8	53¼–12⅜	30⅛	2.73	11.0	0.97	0.92	3.1	14.53	0.48
178	88	**Rohr Industries**	145.6	39 – 6¾	17½	1.53	11.4	0.47	none	0.0	19.54	1.12
456	NR	**Rollins**	60.5††	24⅜– 6⅞	15¼	0.91	16.8	1.01	0.50	3.3	1.92	0.13
95	62	**Roper Corp**	206.5	29⅞– 5½	16⅜	2.12	7.7	0.21	0.60	3.7	9.23	0.56
516	466	**Rorer Group**	51.6	58¾–21¼	37⅛	1.17	31.7	0.89	1.16	3.1	17.90	0.48
80	28	**Rose's Stores**	221.0	23 – 3	9⅝	1.19	8.1	0.15	0.21	2.2	8.80	0.91
NR	NR	**Ross Stores**	NA	20¼– 3⅜	4⅞	–1.33	def	0.24	none	0.0	3.30	0.68
108	85	**Rubbermaid**	196.7	35 – 7⅜	22¼	1.11	20.0	1.71	0.36	1.6	4.91	0.22
334	449	**Ruddick**	91.8	21⅛– 8⅞	17⅜	1.50	11.6	0.16	0.45	2.6	12.39	0.71
506	162	**Ryder System**	52.8	43 –12¾	24⅛	2.28	10.6	0.43	0.52	2.2	14.69	0.61
341	258	**Rykoff-Sexton**	88.9	32⅜– 8½	19⅛	1.38	13.9	0.12	0.60	3.1	13.60	0.71
652	78	**Ryland Group**	19.3	33 – 6¼	14½	2.65	5.5	0.22	0.40	2.8	8.30	0.57
236	326	**Safeco**	125.0	38 –11½	29¼	4.61	6.3	0.78	0.96	3.3	19.68	0.67
468	685	**St Paul Cos**	57.9	60 –19	48¼	6.51	7.4	0.66	1.76	3.6	31.15	0.65
831	253	**Salomon**	–26.7	59⅛–17⅝	18⅛	1.96	9.3	0.43	0.64	3.5	22.72	1.25
349	280	**San Diego G&E**	86.3	42½–16¾	32⅛	2.95	10.9	1.01	2.50	7.8	21.59	0.67
332	752	**Santa Fe Southern**	91.9†	65 –20¼	50⅜	0.06	NM	1.44	1.00	2.0	32.11	0.64
86	117	**Sara Lee**	213.6	49⅛– 9½	35⅜	2.41	14.7	0.40	1.20	3.4	13.29	0.38
240	352	**Savannah Foods**	123.9	37½–11⅛	25¾	1.91	13.5	0.21	0.88	3.4	16.86	0.65
934	937	**Savin**	–91.3	9¾– ¼	⅝	–0.01	def	0.05	none	0.0	–4.22	NE
397	355	**Scana**	74.3	42⅞–17	31⅜	3.33	9.4	1.12	2.32	7.4	20.77	0.66
214	299	**Schering-Plough**	132.4	55¼–16½	45¾	3.06	15.0	2.04	1.20	2.6	12.48	0.27
836	908	**Schlumberger**	–29.2	62⅝–26	33	–7.70	def	2.19	1.20	3.6	14.67	0.44
656	422	**SCI Systems**	18.5	23⅛– 6⅞	11⅜	0.80	14.7	0.42	none	0.0	6.39	0.54
77	149	**Scott Paper**	225.9	87 –18⅜	66	5.74	11.5	0.60	1.36	2.1	37.14	0.56
857	751	**Scotty's**	–36.6	21⅛–10	12¼	0.76	16.1	0.34	0.52	4.2	11.84	0.97
645	NR	**Seagate Technology**	21.4	45¾– 4	12¾	2.61	4.9	0.61	none	0.0	7.36	0.58
223	225	**Seagram**	128.8	82⅜–24	56¼	4.85	11.6	2.01	1.10	2.0	41.42	0.74
651	652	**Sealed Power**	19.3	39⅝–19¾	26⅝	2.84	9.4	0.45	1.10	4.1	22.23	0.83
640	360	**Sears, Roebuck**	22.4	59½–27	36⅞	4.31	8.6	0.29	2.00	5.4	33.98	0.92
301	525	**Seaway Food Town**	104.3	31 –11	23½	1.91	12.3	0.06	0.68	2.9	19.35	0.82
361	512	**Security Pacific**	81.6	43⅞–14⅞	28	1.71	16.4	0.31	1.80	6.4	33.25	1.19
144	236	**Sequa**	165.7	88⅜–17¾	47½	20.37	2.3	0.53	0.60	1.3	53.14	1.12
914	634	**Service Merchandise**	–74.1	27 – 3½	3⅜	–0.38	def	0.05	0.08	2.2	8.36	2.30
795	586	**Shaklee**	–18.8	42¼–11⅜	16⅛	1.47	11.0	0.43	0.72	4.5	17.14	1.06
109	21	**Shaw Industries**	195.2	30¾– 4	14⅛	1.73	8.2	0.33	0.60	4.2	9.22	0.65
447	350	**Shawmut**	62.3	55½–20⅝	36¼	2.72	13.3	0.59	2.04	5.6	39.36	1.09
NR	NR	**Shearson Lehman Bros**	NA	34⅛–12½	14⅞	NA	NA	0.25	0.75	5.0	17.30	1.16
216	87	**Sherwin-Williams**	131.8	38½– 9⅛	25½	2.51	10.2	0.65	0.56	2.2	11.15	0.44
460	139	**Shoney's**	59.5	33⅜–11	20⅝	1.27	16.2	1.07	0.16	0.8	7.11	0.34
241	112	**Signet Banking**	123.4	38½–10½	23⅞	1.15	20.8	0.60	1.32	5.5	21.16	0.89
153	274	**Singer**	159.9*	59 –17⅜	49⅝	5.90	8.4	0.57	0.40	0.8	22.12	0.45
877	835	**Skyline**	–45.8	30⅝–11⅛	13	1.12	11.6	0.46	0.48	3.7	11.88	0.91
300	322	**AO Smith**	104.9	32⅛– 5⅞	14	2.12	6.6	0.12	0.80	5.7	26.95	1.93

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Sources: Forbes; William O'Neil & Co.

Rank 87	Rank 86	Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
913	959	**Smith International**	–73.9	31¼– 1¼	7⅜	–$3.76	def	0.62	none	0.0%	$ 1.47	0.20
17	31	**Smithfield Foods**	382.8	27½– 3⅛	17½	1.65	10.6	0.07	none	0.0	8.32	0.48
580	755	**SmithKline Beckman**	37.3	72¾– 25	47⅜	5.30	8.9	1.45	$1.66	3.5	10.19	0.22
200	400	**Snap-on Tools**	137.0	46½– 12⅜	32	1.94	16.5	1.81	0.76	2.4	9.28	0.29
141	218	**Society**	169.7	40 – 10¾	30	4.58	6.6	0.78	1.20	4.0	24.28	0.81
731	859	**Sonat**	–2.3	43⅛– 21⅜	25⅞	–7.00	def	0.69	2.00	7.7	24.10	0.93
155	239	**Sonoco Products**	159.5	30¾– 7⅛	21¼	1.80	11.8	0.79	0.52	2.4	7.60	0.36
883	890	**Soo Line**	–48.5	36⅞– 15	15½	–5.38	def	0.24	none	0.0	27.58	1.78
453	498	**Southeast Banking**	61.3	31⅜– 12⅝	21½	1.39	15.5	0.55	0.88	4.1	20.96	0.97
370	442	**So Calif Edison**	80.1	38¾– 17⅛	31⅜	2.97	10.6	1.27	2.38	7.5	22.10	0.70
566	506	**Southern Company**	40.8	29 – 14⅜	22	3.12	7.1	0.90	2.14	9.7	21.09	0.96
446	398	**So New England Tel**	62.3	61½– 27⅜	48½	4.51	10.8	1.03	2.88	5.9	33.03	0.68
246	392	**Southland**	121.2	80¼– 23	57⅛	2.79	20.5	0.34	none	0.0	32.52	0.57
615	394	**Southmark**	27.4	14 – 4	5⅜	1.21	4.4	0.28	0.24	4.5	10.47	1.95
855	566	**Southwest Airlines**	–34.3	35¼– 13¼	14	0.63	22.2	0.58	0.13	0.9	15.87	1.13
311	433	**Southwest Gas**	102.5	26¾– 9½	20	1.95	10.3	0.82	1.34	6.7	14.73	0.74
351	591	**Southwestern Bell**	85.4†	45½– 18⅜	36⅜	4.88	7.5	1.39	2.32	6.4	26.07	0.72
536	386	**Southwestern Pub Svc**	47.4	37⅞– 14⅞	24⅞	2.18	11.4	1.32	2.12	8.5	14.82	0.60
575	671	**Sovran Financial**	39.6†	44½– 16⅞	29¾	3.79	7.8	0.81	1.44	4.8	20.36	0.68
NR	NR	**Spiegel**	NA	16¼– 6¼	8½	1.06	8.0	0.37	none	0.0	3.32	0.39
558	501	**Springs Industries**	42.7	38¼– 15¼	28	3.99	7.0	0.31	0.84	3.0	26.24	0.94
590	676	**Square D**	34.7	65½– 30⅜	46⅛	4.02	11.5	0.92	1.92	4.2	23.16	0.50
93	226	**Squibb**	208.5	102⅞– 18¼	68¼	7.42	9.2	3.98	1.20	1.8	13.12	0.19
NR	NR	**SSMC**	NA	26½– 11½	13¾	1.28	10.7	0.13	none	0.0	28.68	2.09
710	754	**Staley Continental**	2.6	34⅝– 17¾	19½	1.48	13.2	0.17	0.80	4.1	23.28	1.19
390	575	**Stanadyne**	76.5	35 – 11¼	20	2.04	9.8	0.55	0.92	4.6	15.04	0.75
374	283	**Std Commercial Tobacco**	79.5	26¼– 10⅝	19¾	2.44	8.1	0.16	0.50	2.5	23.43	1.19
NR	NR	**Standard Fedl Bank**	NA	11 – 5⅜	5½	NA	NA	0.21	none	0.0	9.37	1.70
70	NR	**Standard Register**	239.1	28½– 5⅛	19½	1.63	12.0	0.88	0.44	2.3	8.16	0.42
476	NR	**Standard Shares**	56.7	105 – 41	67	10.07	6.7	0.28	none	0.0	56.15	0.84
532	487	**Stanley Works**	47.7	36⅝– 13	24⅛	1.92	12.6	0.62	0.88	3.6	13.05	0.54
94	34	**State Street Boston**	207.7	36⅛– 6½	21¼	2.22	9.6	1.08	0.44	2.1	11.19	0.53
227	532	**Sterling Drug**	126.7	69¼– 22⅛	51	3.28	15.5	1.31	1.52	3.0	16.61	0.33
609	493	**JP Stevens**	29.1	49⅞– 15¼	27¾	3.16	8.8	0.30	1.20	4.3	29.38	1.06
561	923	**Stewart & Stevenson**	41.9	25¾– 9⅝	16½	1.21	13.6	0.27	none	0.0	15.32	0.93
601	774	**Stewart-Warner**	31.5	37¼– 24⅝	32⅞	–3.59	def	0.81	1.68	5.1	20.92	0.64
88	135	**Stone Container**	212.7	59¾– 10⅛	32¼	4.19	7.7	0.44	0.40	1.2	13.55	0.42
485	45	**Stop & Shop Cos**	56.0	40 – 12⅝	21¼	1.32	16.1	0.14	0.64	3.0	15.51	0.73
935	960	**Storage Technology**	–93.5	25 – 1	1⅜	0.14	9.9	0.43	none	0.0	–0.52	NE
91	30	**Strawbridge**	210.9	55½– 7¾	24¾	3.08	8.0	0.23	0.93	3.8	23.27	0.94
122	371	**Student Loan**	181.0†	89½– 21	70¼	3.85	18.2	1.75	0.36	0.5	10.77	0.15
813	92	**Subaru of America**	–22.7	39 – 5¾	6⅜	0.14	45.6	0.17	0.38	6.0	6.52	1.02
461	767	**Sun Company**	59.4	73⅛– 30¼	50	3.08	16.2	0.66	3.00	6.0	48.43	0.97
NR	NR	**Sun Microsystems**	NA	45¾– 11¼	29¼	1.24	23.6	1.53	none	0.0	7.16	0.24
764	749	**Sundstrand**	–10.8	64½– 34⅜	39¼	1.78	22.1	0.53	1.80	4.6	32.24	0.82
NR	NR	**SunTrust Banks**	NA	28 – 15½	19⅞	1.99	10.0	1.04	0.68	3.4	11.59	0.58
65	51	**Super Food Services**	244.5	29⅛– 5¼	18¾	1.68	11.2	0.08	0.38	2.0	10.28	0.55
876	844	**Super Rite Foods**	–45.6†	27¼– 6¾	7¾	0.79	9.8	0.06	0.20	2.6	6.63	0.86
514	477	**Super Valu Stores**	51.7	30⅜– 11⅞	19⅝	1.34	14.6	0.16	0.44	2.2	8.00	0.41
604	270	**Sysco**	31.2	41½– 12⅞	25¾	1.37	18.8	0.30	0.32	1.2	10.20	0.40
187	86	**Talley Industries**	142.4	24⅜– 4¾	11⅞	–1.58	def	0.37	0.30	2.5	12.42	1.05
NR	NR	**Talman Home Federal**	NA	13½– 6¼	6⅜	NA	NA	0.11	none	0.0	30.95	4.85
313	NR	**Tambrands**	101.0	71⅛– 22½	50½	3.40	14.9	2.15	1.92	3.8	11.72	0.23
375	753	**Tandem Computers**	79.3	37⅞– 6½	22¾	1.08	21.1	2.02	none	0.0	6.09	0.27
847	775	**Tandy**	–32.5	63½– 22⅞	34¼	2.92	11.7	0.87	0.50	1.5	15.38	0.45
NR	NR	**TCF Banking & Savings**	NA	17¾– 7	7⅛	0.62	11.5	0.09	none	0.0	29.73	4.17
244	419	**TECO Energy**	121.7	27⅞– 10	23	2.04	11.3	1.36	1.34	5.8	13.34	0.58
526	561	**Tecumseh Products**	48.7	160 – 78½	117½	11.80	10.0	0.72	4.20	3.6	94.69	0.81
756	779	**Tektronix**	–9.1	43⅜– 23¾	26¼	1.00	26.3	0.59	0.60	2.3	22.67	0.86
26	82	**Tele-Communications**	346.1	30¼– 4	20⅝	0.37	55.8	2.14	none	0.0	4.88	0.24
276	478	**Teledyne**	112.6*	390 –123	275	21.27	12.9	0.99	4.00	1.5	139.77	0.51
250	16	**Telex**	119.3	101½– 18⅝	48¼	5.10	9.5	0.83	none	0.0	23.99	0.50
443	641	**Temple-Inland**	63.2†	68½– 20¼	42¾	4.40	9.7	0.83	0.72	1.7	30.61	0.72
600	781	**Tenneco**	31.7	62½– 31⅞	42⅜	–0.33	def	0.44	3.04	7.1	29.63	0.70
846	911	**Tesoro Petroleum**	–31.1	20⅞– 7½	11⅜	–0.80	def	0.12	none	0.0	13.77	1.18

Note: Except as indicated, price changes are from Dec. 31, 1982 to Nov. 18, 1987. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. *Price change does not reflect the value of shares received in a spinoff. †Four-year price change. ††Three-year price change. ‡Does not include stock dividends given in another company as part of the dividend. NA: Not available. NE: Negative equity. NM: Not meaningful. def: Deficit.

Sources: Forbes; William O'Neil & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank 87	Rank 86	Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
734	805	**Texaco**	–3.2	48⅜–26	30⅛	$1.66	18.2	0.22	none	0.0%	$56.71	1.88
686	40	**Texas Air**	9.3	51½– 4¾	11¾	–5.92	def	0.06	none	0.0	18.64	1.59
919	916	**Texas American Bcsh**	–79.6	45¾– 5	5¾	–2.73	def	0.12	none	0.0	23.44	4.08
806	785	**Texas Eastern**	–21.1	41⅜–20½	22⅞	1.68	13.6	0.33	$1.00	4.4	23.27	1.02
725	780	**Texas Industries**	–0.1	39⅞–22¼	31½	–0.12	def	0.45	0.80	2.5	22.46	0.71
749	709	**Texas Instruments**	–7.8	80¼–28¾	41⅜	3.01	13.7	0.60	0.72	1.7	18.60	0.45
632	647	**Texas Utilities**	24.5	37½–20¾	29¼	4.65	6.3	1.08	2.80	9.6	31.24	1.07
362	452	**Textron**	81.1	39¾–11¾	21½	4.15	5.2	0.25	1.00	4.7	22.39	1.04
819	867	**Thorn Apple Valley**	–23.4	9¾– 3¾	4½	–0.13	def	0.03	none	0.0	8.13	1.81
928	933	**TIE/Communications**	–85.5	40⅜– 1¾	2¾	–1.42	def	0.39	none	0.0	4.34	1.58
653	930	**Tiger International**	19.2	17¾– 3⅝	10⅛	1.35	7.5	0.27	none	0.0	–1.37	NE
352	715	**Time Inc**	84.5‡	116⅞–33¾	78⅞	3.53	22.3	1.14	1.00	1.3	21.60	0.27
253	329	**Times Mirror**	118.8	105⅞–28¼	68¼	4.80	14.2	1.44	1.64	2.4	20.19	0.30
692	894	**Timken**	7.4	80¼–39½	54½	–5.16	def	0.67	1.00	1.8	64.03	1.17
933	855	**Todd Shipyards**	–90.3	41¾– 2¾	3	–16.33	def	0.03	none	0.0	17.74	5.91
41	115	**Torchmark**	307.7*	38½– 6⅜	26⅝	2.94	9.1	1.06	1.00	3.8	12.52	0.47
429	196	**Toro**	66.7	23¾– 6	15	1.52	9.9	0.30	0.40	2.7	7.43	0.50
927	953	**Tosco**	–85.3	14⅝– 1	1⅝	–1.21	def	0.05	none	0.0	1.15	0.71
202	95	**Toys "R" Us**	135.1	42¾–11½	28⅜	1.22	23.3	1.34	none	0.0	7.24	0.26
404	718	**Tracor**	71.8	33 –14¾	31⅞	1.50	21.3	0.93	0.40	1.3	10.89	0.34
495	610	**Trans World Airlines**	54.3†	35 – 7⅛	17¾	1.95	9.1	0.14	none	0.0	1.61	0.09
568	695	**Transamerica**	40.7	51½–20⅞	32⅞	5.25	6.3	0.37	1.84	5.6	28.61	0.87
775	825	**Transco Energy**	–15.1	63½–18	21¾	–2.50	def	0.20	1.36	6.3	27.81	1.28
510	548	**Travelers**	52.3	59½–22⅜	36¾	4.84	7.6	0.21	2.28	6.2	45.40	1.24
7	18	**Triangle Industries**	669.2	44 – 3¼	25	2.23	11.2	0.14	0.12	0.5	16.46	0.66
215	559	**Tribune**	131.8†	49¾–12	35½	1.52	23.4	1.32	0.60	1.7	13.91	0.39
521	808	**Trinity Industries**	50.0	34¾–12	18¾	0.23	81.5	0.58	0.50	2.7	10.08	0.54
164	241	**Trinova**	156.3	44¼– 9	25⅝	–0.81	def	0.55	0.56	2.2	16.09	0.63
627	642	**TRW**	25.0	70 –29¼	42¼	4.52	9.3	0.38	1.60	3.8	19.81	0.47
643	678	**Turner**	22.0	31⅜–14⅞	18¾	–4.23	def	0.03	1.30	6.9	17.88	0.95
687	NR	**Turner Broadcasting**	9.3	15⅞– 5⅜	10⅜	–7.24	def	0.73	none	0.0	–8.18	NE
NR	NR	**TW Services**	NA	23 – 9¼	14⅛	0.51	27.7	0.32	0.10	0.7	8.49	0.60
21	42	**Tyco Laboratories**	374.3	28⅛– 4⅜	20¾	0.84	24.9	0.68	0.24	1.2	6.46	0.31
690	810	**Tyler**	7.9	17¾– 9⅛	10¼	0.68	15.1	0.17	0.44	4.3	10.15	0.99
2	6	**Tyson Foods**	921.1	25½– 1⅜	16	1.06	15.1	0.57	0.04	0.3	3.19	0.20
628	813	**UGI**	24.9	32 –16½	25⅛	2.31	10.9	0.56	2.04	8.1	20.44	0.81
488	NR	**UNC**	55.4	13¾– 3	7⅜	0.71	10.4	0.19	none	0.0	6.31	0.85
427	517	**Union Camp**	66.8	48⅛–20	33½	2.89	11.6	1.11	1.16	3.5	18.62	0.56
629	729	**Union Carbide**	24.8	32½–10⅞	22	1.38	15.9	0.43	1.50	6.8	7.87	0.36
408	309	**Union Electric**	70.9	31¾–12	23½	3.20	7.3	1.24	1.92	8.2	19.53	0.83
670	788	**Union Pacific**	14.6	86⅝–34¼	53⅞	5.00	10.8	1.01	2.00	3.7	33.29	0.62
NR	NR	**Union Texas Petrol**	NA	14½– 7⅜	8	–0.59	def	0.56	none	0.0	–6.06	NE
229	448	**Unisys**	126.3	48⅜–13⅛	31½	–2.74	def	0.47	0.92	2.9	20.55	0.65
4	12	**United Artists**	852.9	30⅜– 2	20¼	0.19	NM	1.38	none	0.0	2.80	0.14
739	756	**United Banks of Colo**	–4.0	35½–14½	14⅞	–0.38	def	0.42	none	0.0	NE	1.74
23	330	**United Brands**	373.5	50 – 7¾	40¼	3.58	11.2	0.19	0.60	1.5	26.46	0.66
923	896	**United Financial**	–81.7	12⅞– ¾	⅞	–8.77	def	0.01	none	0.0	9.00	9.57
718	618	**United Illuminating**	1.5	36¼– 9	25⅞	6.63	3.9	0.73	2.32	9.0	40.50	1.56
132	NR	**United Jersey Banks**	175.5	32½– 7⅜	22½	2.38	9.5	1.01	0.96	4.3	14.84	0.66
865	313	**United Merchants**	–40.6	21½– 4¼	4⅜	–2.64	def	0.05	none	0.0	11.04	2.52
331	644	**US Bancorp**	93.7	31¼–10¼	21⅛	2.80	7.5	0.75	0.80	3.8	20.93	0.99
569	NR	**US Healthcare**	40.3†	22⅞– 1¾	5¾	0.83	6.9	0.50	0.16	2.8	3.82	0.66
921	888	**US Home**	–80.6	20¾– 1⅝	2⅝	0.10	26.3	0.13	none	0.0	5.55	2.11
650	321	**US Shoe**	19.4	34¾–11½	16⅜	0.91	18.0	0.34	0.46	2.8	11.02	0.67
499	297	**United Stationers**	54.1	28¾– 8¼	14¼	0.99	14.4	0.30	0.28	2.0	7.84	0.55
671	508	**United Technologies**	14.4	60½–26⅛	32⅜	1.30	24.9	0.25	1.40	4.3	29.14	0.90
649	746	**United Telecom**	19.8	33⅜–17⅜	25	–0.56	def	0.85	1.92	7.7	17.33	0.69
NR	NR	**Univar**	NA	28 – 9⅜	15⅞	0.72	22.1	0.14	0.20	1.3	9.80	0.62
437	334	**Universal Foods**	64.6	34⅝–12⅝	25⅜	2.10	12.1	0.42	0.88	3.5	14.65	0.58
230	426	**Universal Leaf**	126.3	36¼–13	30⅛	3.50	8.6	0.23	1.16	3.9	18.94	0.63
714	893	**Unocal**	1.9	51 –15⅜	27⅛	1.72	15.8	0.39	1.00	3.7	14.45	0.53
NR	NR	**UNUM Corp**	NA	31⅜–16⅛	17¾	NA	NA	0.41	0.40	2.3	26.81	1.51
45	186	**Upjohn**	301.1	53¾– 7⅛	31	2.27	13.7	2.36	0.60	1.9	7.85	0.25
356	551	**US West**	83.8†	62 –27⅜	51⅛	5.03	10.2	1.16	3.28	6.4	38.31	0.75
745	222	**USAir Group**	–6.0	53½–22	31¼	5.93	5.3	0.50	0.12	0.4	38.71	1.24

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Sources: Forbes; William O'Neil & Co.

Rank 87	Rank 86	Company	5-year price change	1983-87 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
545	607	**USF&G**	45.5	48¾–17⅝	33	$2.66	12.4	0.51	$2.48	7.5%	$21.74	0.66
232	103	**USG**	125.7	55⅞–10	28½	4.56	6.3	0.51	1.12	3.9	11.05	0.39
525	NR	**Uslico**	48.9	31⅜–12	18½	3.09	6.0	0.40	0.88	4.8	22.22	1.20
592	545	**USLife**	34.3	49½–21⅞	30⅞	4.36	7.1	0.48	1.28	4.1	46.27	1.50
34	356	**UST Inc**	322.0	32¼–10½	24¾	1.90	13.1	2.50	1.20	4.8	3.33	0.13
582	885	**USX**	36.9	39⅜–14½	28¾	–3.99	def	0.60	1.20	4.2	18.60	0.65
585	657	**Utah Power & Light**	35.7	37¼–20⅜	28½	1.64	17.4	1.69	2.32	8.1	18.24	0.64
277	NR	**UtiliCorp United**	112.2	22¼– 7¼	16⅛	1.90	8.5	0.42	1.04	6.4	14.39	0.89
917	936	**Valero Energy**	–75.3	36¾– 4½	6	0.26	23.1	0.17	none	0.0	13.34	2.22
414	673	**Valley National**	70.0	50¼–16½	29¾	0.44	67.6	0.55	1.44	4.8	35.38	1.19
859	657	**Varian Associates**	–37.5	63⅜–20	20¼	0.98	20.7	0.45	0.26	1.3	19.16	0.95
805	802	**Varity Corp**	–20.7	6¾– 1⅛	2⅜	–0.32	def	0.25	none	0.0	0.89	0.37
142	38	**VF**	168.8	48¼– 9⅛	26⅝	2.44	10.9	0.75	0.72	2.7	12.20	0.46
NR	NR	**Viacom**	NA	28½–10	16½	NA	NA	0.88	none	0.0	NA	NA
NR	NR	**Vista Chemical**	NA	55⅛–17	32⅛	–0.13	def	0.84	0.20	0.6	6.76	0.21
NR	NR	**Vons Cos**	NA	13¾– 2⅛	6⅝	–0.09	def	0.03	none	0.0	–1.29	NE
209	475	**Vulcan Materials**	133.3	164 –53½	126	9.79	12.9	1.29	3.40	2.7	47.90	0.38
31	24	**Wal-Mart Stores**	333.0	42⅞– 5½	27	1.00	27.1	1.02	0.12	0.4	3.00	0.11
242	70	**Walgreen**	122.7	44⅞–12⅛	31¼	1.68	18.6	0.45	0.60	1.9	9.00	0.29
904	886	**Wang Laboratories**	–61.9	42½– 9⅝	11¼	–0.11	def	0.62	0.16	1.4	9.15	0.81
477	857	**Warner Commun**	56.7	39¼– 8½	26¼	1.75	15.0	1.03	0.40	1.5	7.08	0.27
172	407	**Warner-Lambert**	149.6	87½–25¾	70½	3.99	17.7	1.51	1.80	2.6	12.64	0.18
383	654	**Washington Gas Light**	78.4	30⅜–12⅛	22⅝	2.15	10.5	0.55	1.80	8.0	18.24	0.81
713	661	**Washington National**	2.1	37⅞–15⅝	24⅞	2.46	10.1	0.35	1.08	4.3	37.91	1.52
67	91	**Washington Post**	242.1	269 –54½	189	12.33	15.3	1.89	1.28	0.7	34.04	0.18
154	246	**Waste Management**	159.8	48½– 6⅞	34¾	2.06	16.8	2.98	0.36	1.0	7.35	0.21
711	161	**Del E Webb**	2.6	28¼– 8½	10	–6.37	def	0.29	none	0.0	19.00	1.90
113	193	**Weis Markets**	191.8	41⅝–11⅛	33½	1.79	18.7	1.37	0.44	1.3	8.89	0.27
98	127	**Wells Fargo**	203.2	60⅛–13	40¾	–0.06	def	0.49	1.56	3.8	36.11	0.89
753	338	**Wendy's Intl**	–8.8	17¾– 5	6	0.02	NM	0.56	0.24	4.0	4.45	0.74
639	473	**West Point-Pepperell**	22.5	36 –17¼	23½	2.38	9.9	0.36	1.20	5.1	23.12	0.98
NR	NR	**Western Auto Supply**	NA	17 – 5¾	8	0.60	13.3	0.12	none	0.0	0.02	0.00
925	964	**Western Co No Amer**	–84.5	12 – ¼	1⅜	–3.53	def	0.42	none	0.0	–1.92	NE
51	10	**Western S&L**	283.2	28 – 2⅜	9½	1.47	6.5	0.19	0.24	2.5	6.02	0.63
936	954	**Western Union**	–94.7	47⅞– 2	2⅜	–20.58	def	0.07	none	0.0	–11.26	NE
194	107	**Westinghouse**	137.9	75 –18⅝	46¼	4.96	9.3	0.64	1.72	3.7	21.13	0.46
666	879	**Westmoreland Coal**	15.5	27½–14¼	16¾	0.91	18.4	0.23	0.60	3.6	22.82	1.36
157	664	**Westvaco**	158.7	37½–10⅜	29¾	2.25	13.2	1.01	none	0.0	16.66	0.56
267	233	**Wetterau**	114.0	26½– 8⅛	19⅛	1.49	12.9	0.12	0.52	2.7	8.57	0.45
728	745	**Weyerhaeuser**	–1.0	60 –24¾	35⅝	2.97	12.0	0.73	1.50	4.2	22.92	0.64
889	940	**Wheeling-Pittsburgh**	–51.2	35⅝– 5⅜	7⅜	–32.12	def	0.04	none	0.0	–70.34	NE
631	317	**Whirlpool**	24.6	41½–18¼	27¼	2.50	10.9	0.49	1.10	4.0	18.21	0.67
738	833	**Whittaker**	–4.0	39¼–14½	24¼	3.51	6.9	0.44	1.00	4.1	24.17	1.00
894	924	**Wickes Cos**	–54.2	40⅝– 7¼	8⅞	2.90	3.1	0.08	none	0.0	21.20	2.39
492	476	**Wicor**	54.5	46 –18¾	30⅛	2.70	11.2	0.29	2.60	8.6	31.24	1.04
491	406	**Willamette Inds**	54.5	64 –14	35	4.29	8.2	0.65	1.08	3.1	20.54	0.59
573	854	**Williams Cos**	39.7	37⅞–16½	23¾	–4.74	def	0.47	1.40	5.9	26.94	1.13
766	631	**Wilson Foods**	–11.7	15 – 4¼	8½	0.40	21.3	0.06	none	0.0	6.96	0.82
508	374	**Winn-Dixie Stores**	52.7	59 –24½	41	2.77	14.8	0.19	1.86	4.5	17.93	0.44
294	256	**Wisconsin Energy**	105.5	32¼–11	23⅜	2.50	9.4	1.13	1.44	6.2	16.54	0.71
343	340	**Wisconsin P&L**	87.5	60¼–23	45	4.31	10.4	1.07	3.12	6.9	29.00	0.64
362	276	**Wisconsin Public Svc**	81.1	31½–10⅞	21½	2.09	10.3	0.86	1.54	7.2	14.94	0.69
197	217	**Witco**	137.3	47⅜–11½	29	2.89	10.0	0.47	1.28	4.4	20.78	0.72
135	94	**FW Woolworth**	174.4	59⅝–11⅜	35½	3.58	9.9	0.34	1.32	3.7	22.42	0.63
268	413	**Worthington Inds**	113.8	25⅞– 7⅞	16¾	1.03	16.3	0.84	0.40	2.4	6.30	0.38
25	134	**Wm Wrigley Jr**	349.1	64⅝–13⅛	60¼	3.20	18.8	1.67	1.04	1.7	13.86	0.23
884	846	**Wyman-Gordon**	–49.0	37¼–11¾	13	–1.06	def	0.72	0.80	6.2	14.44	1.11
479	721	**Xerox**	56.5	85 –33¼	58½	4.69	12.5	0.40	3.00	5.1	48.00	0.82
871	NR	**Xidex**	–42.7	26½– 6	6⅜	–1.12	def	0.46	none	0.0	9.34	1.46
137	84	**Yellow Freight Sys**	172.4	42½– 9⅛	25⅞	1.40	18.5	0.43	0.62	2.4	13.14	0.51
NR	NR	**York International**	NA	33⅞–13½	22⅝	NA	NA	0.22	none	0.0	20.57	0.91
922	957	**Zapata**	–81.5	24⅞– 2¼	3	–11.96	def	0.41	none	0.0	6.70	2.23
420	39	**Zayre**	68.5	43⅞– 9⅝	17⅝	2.76	6.4	0.17	0.40	2.3	11.24	0.64
732	595	**Zenith Electronics**	–2.6	38⅝–10	14	–0.97	def	0.16	none	0.0	18.49	1.32
597	674	**Zurn Industries**	33.7	30¾–10⅝	19⅝	1.53	12.7	0.57	0.68	3.5	14.68	0.76

Note: Except as indicated, price changes are from Dec. 31, 1982 to Nov. 18, 1987. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. *Price change does not reflect the value of shares received in a spinoff. †Four-year price change. ††Three-year price change. ‡Does not include stock dividends given in another company as part of the dividend. NA: Not available. NE: Negative equity. NM: Not meaningful. def: Deficit.

Sources: Forbes; William O'Neil & Co.

WHO'S WHERE IN PROFITABILITY

Long-term profitability increased in 1987, but not by much. Latest-12-month return on equity was up, but not by much. Investors looked to the future and panicked.

By Steve Kichen

CONVENTIONAL INVESTMENT WISDOM has it that the best way to judge a company is by earnings growth. What Wall Street really pays attention to, however, is return on equity, for it measures how much a corporation earned on its shareholders' investment. By this yardstick, 1987 was a good, but far from exceptional, year.

The FORBES Industry Survey shows that median five-year average return on equity increased slightly, from 12.6% to 12.8%. Over the latest 12 months, profitability at the median company increased modestly, to 13.6%, vs. 13.0% in 1986. Look at it another way: Recent results will give the five-year average return on equity in our 1989 Industry Survey only a slight upward nudge. No wonder investors fled the market.

Of the 880 companies in the Industry Survey ranked on five-year return on equity, 526 show a decline in profitability over the latest 12 months, compared with their five-year averages. Look at fourth-ranked Coleco Industries. It had a hot toy a few years ago, the Cabbage Patch doll, so it shows a five-year profitability of 96.7%. However, as we warned last year *(Jan. 12, 1987)*, Coleco has fallen. The company now has negative equity. Other companies in for a potentially rough ride include Wendy's International, Emerson Radio, Emery Air Freight and Wang Laboratories.

Wall Street has a weakness for companies with historically high returns on equity. One example is Kellogg, which has posted a five-year stock price gain of 309%. Over the last five years the ready-to-eat-cereal giant has a return on equity of 37.2%—way above the all-industry median. And in the latest 12 months Kellogg topped its long-term performance with a 42.6% return.

Yet not even Kellogg's profitability can increase indefinitely. Highly profitable companies become targets for competitors, acquirers and government intervention. A little over a year ago, for instance, Subaru of America was the envy of the auto industry. But the competition has profited at Subaru's expense. While Subaru still sports a five-year average return on equity of 44.4%, it returned only 2.1% on equity during the past 12 months.

If the economy should weaken, heavy industry and fashion-driven and high-technology businesses are most vulnerable to declines in return on equity. For top-ranked companies like Reebok International, Chrysler, Sun Microsystems and Liz Claiborne this could mean trouble. ■

		Return on equity	
Company	**rank**	**5-year average**	**latest 12 months**
Reebok International	**1**	200+%††	52.0%
CenTrust Savings Bank	**2**	200+††	def
Anchor Glass	**3**	166.6††	34.7
Coleco Industries	**4**	96.7	NE
Chrysler	**5**	71.3††	23.8
Highland Superstores	**6**	64.4	13.3
Seagate Technology	**7**	61.1	44.4
Columbia S&L Assoc	**8**	60.8	20.4
Lockheed	**9**	59.5	21.1
Sun Microsystems	**10**	59.2†	22.2
Liz Claiborne	**11**	55.8	44.8
Price Co	**12**	50.7	24.3
Limited	**13**	49.3	20.7
Western S&L	**14**	45.1	24.4
Mayfair Super Markets	**15**	44.6	47.7
Subaru of America	**16**	44.4	2.1
US Healthcare	**17**	43.1	21.7
Commerce Clearing	**18**	41.3	32.6
Home Depot	**19**	40.4	23.5
Student Loan	**20**	38.9%	35.7%
General Motors EDS	**21**	37.9	36.3
American Continental	**22**	37.7	21.4
ICH	**23**	37.2	18.0
Kellogg	**24**	37.2	42.6
General Cinema	**25**	36.5	22.6
Wal-Mart Stores	**26**	35.5	33.2
Dun & Bradstreet	**27**	35.4	30.8
Homestead Financial	**28**	35.0	24.0
First Executive	**29**	34.7	11.9
American Home Prod	**30**	34.4	35.0
Geico	**31**	34.1	37.0
Hasbro	**32**	33.9	9.7
Emerson Radio	**33**	33.9	def
Charter Medical	**34**	33.6	23.3
Telex	**35**	33.4	21.3
Comdisco	**36**	32.8	26.1
VF	**37**	32.5	20.0
Golden West Finl	**38**	32.3	25.8
Deluxe Check	**39**	32.1%	33.8%
Circuit City Stores	**40**	31.7	28.1
Dow Jones	**41**	31.0	27.4
UST Inc	**42**	31.0	56.9
Charming Shoppes	**43**	31.0	31.2
Marsh & McLennan	**44**	30.4	46.5
Bruno's	**45**	30.3	17.9
Intergraph	**46**	30.0	13.0
Big Bear	**47**	29.8	17.2
Tambrands	**48**	29.8	29.0
Brunswick	**49**	29.4	23.4
MDC Holdings	**50**	29.3	10.3
Rollins	**51**	29.0	51.6
Food Lion	**52**	28.8	28.9
Family Dollar Stores	**53**	28.5	17.6
EG&G	**54**	28.0	22.0
Tyson Foods	**55**	28.0	33.2
NIKE	**56**	28.0	13.8
Abbott Laboratories	**57**	27.8	34.0

NA: Not available. NE: Negative equity. def: Deficit. †Four-year average. ††Three-year average.

		Return on equity	
Company	rank	5-year average	latest 12 months
Washington Post	58	27.7%	36.2%
Tandy	59	27.4	19.5
Cray Research	60	27.1	29.6
Progressive	61	27.1	29.8
Humana	62	27.0	20.2
Minstar	63	26.7	1.4
Philip Morris Cos	64	26.6	30.7
Manor Care	65	26.5	22.7
American Stores	66	25.9	13.7
SmithKline Beckman	67	25.8	52.0
First Boston	68	25.6	15.3
Fuqua Industries	69	25.6	17.5
Holly Corp	70	25.5	4.8
Ralston Purina	71	25.3	55.5
Gap	72	25.1	37.2
Kelly Services	73	24.9	30.8
Rorer Group	74	24.8	6.5
Morton Thiokol	75	24.8	16.3
Maxicare Health	76	24.5†	def
First Federal Mich	77	24.4††	20.8
Coca-Cola	78	24.2	29.9
Dean Foods	79	24.0	18.4
Maytag	80	23.9	28.5
IBM	81	23.9	13.3
Bristol-Myers	82	23.8	24.2
Southmark	83	23.8	11.8
Pulte Home	84	23.7	11.3
Shearson Lehman Bros	85	23.6†	NA
Apple Computer	86	23.5	29.8
Giant Food	87	23.4	16.7
Super Rite Foods	88	23.3	11.9
Financial Corp of Am	89	23.3	def
Times Mirror	90	23.3	23.8
Savannah Foods	91	23.3	11.3
Cardinal Distribution	92	23.3	11.3
Fleetwood Enterprise	93	23.1	14.5
Shoney's	94	23.1	17.9
H&R Block	95	23.0	22.6
Eli Lilly	96	23.0	22.5
Toys "R" Us	97	23.0	16.9
Melville	98	22.8	20.4
Fred Meyer	99	22.7†	14.1
First Union	100	22.7	18.4
Philips Industries	101	22.7	21.9
Browning-Ferris Inds	102	22.7	22.5
Walgreen	103	22.7	18.7
Rite Aid	104	22.6	28.9
Loews	105	22.6	17.8
Ford Motor	106	22.6	30.4
Herman Miller	107	22.5	17.2
Jefferson Smurfit	108	22.5	49.5
Equifax	109	22.5	24.4
New York Times	110	22.4	21.8
McDonald's	111	22.4	22.0
Super Valu Stores	112	22.3	16.8
Waste Management	113	22.2	28.1
Laidlaw Industries	114	22.2	14.9
United Stationers	115	22.1	12.6
Marion Laboratories	116	22.1	41.1
HJ Heinz	117	22.1	24.6
Nacco Industries	118	22.1	20.3
Ryland Group	119	22.1	31.9
Marriott	120	22.1	21.1
Compaq Computer	121	22.0††	42.6
McGraw-Hill	122	21.9	18.1

		Return on equity	
Company	rank	5-year average	latest 12 months
Reliance Group	123	21.9†%	47.1%
State Street Boston	124	21.8	19.8
Dillard Dept Stores	125	21.8	14.0
Merck	126	21.8	32.9
AG Edwards	127	21.8	19.7
Turner	128	21.7	def
Dibrell Brothers	129	21.7	def
Time Inc	130	21.7	16.3
Jostens	131	21.7	31.9
Gannett	132	21.5	21.0
E-Systems	133	21.5	15.0
Teledyne	134	21.4	15.2
ConAgra	135	21.4	21.1
Rohr Industries	136	21.4	8.6
Pfizer	137	21.3	20.3
RJR Nabisco	138	21.3	22.5
CityFed Financial	139	21.2	def
Rubbermaid	140	21.1	22.6
Himont	141	21.1††	39.4
Sequa	142	21.0	38.3
Lucky Stores	143	20.9	91.8
Chicago Pacific	144	20.9†	9.7
Brown-Forman	145	20.8	16.4
Farm Fresh	146	20.7	5.8
General Host	147	20.7	30.4
General Dynamics	148	20.7	1.2
Clorox	149	20.6	14.7
Rockwell Intl	150	20.6	20.8
Shaklee	151	20.6	8.6
Albertson's	152	20.5	18.5
Southwestern Pub Svc	153	20.5	14.7
Anheuser-Busch Cos	154	20.3	22.7
Bindley Western Inds	155	20.3	11.5
CoreStates Financial	156	20.2	16.3
Ames Dept Stores	157	20.2	6.1
Flowers Industries	158	20.1	16.3
Ogilvy Group	159	20.0	16.5
Pioneer Hi-Bred Intl	160	20.0	10.6
Worthington Inds	161	19.9	17.3
Intl Flavors & Frags	162	19.9	19.6
Capital Cities/ABC	163	19.8	12.0
Leggett & Platt	164	19.8	20.2
Emerson Electric	165	19.7	18.3
Sara Lee	166	19.7	19.6
Xidex	167	19.7	def
Salomon	168	19.7	8.6
Equitable Resources	169	19.7	8.9
Federal Express	170	19.6	def
Shaw Industries	171	19.6	19.8
Public Service Ind	172	19.6	96.0
Carolina Freight	173	19.6	9.7
Snap-on Tools	174	19.6	20.9
Nalco Chemical	175	19.5	18.1
James River Corp Va	176	19.5	11.2
PepsiCo	177	19.5	27.1
Ametek	178	19.5	17.4
Hannaford Bros	179	19.4	19.3
Fleet Financial	180	19.4	18.1
Weis Markets	181	19.4	20.1
Winn-Dixie Stores	182	19.3	15.8
Prime Computer	183	19.3	12.9
Pitney Bowes	184	19.3	34.5
General Electric	185	19.3	21.3
PaineWebber Group	186	19.3	12.5
PHH Group	187	19.3	14.3

		Return on equity	
Company	rank	5-year average	latest 12 months
CBS	188	19.3%	42.4%
American Family	189	19.3	25.5
Hechinger	190	19.3	17.1
Allied Bancshares	191	19.2	def
Fort Howard	192	19.2	12.4
CR Bard	193	19.2	22.3
Macmillan	194	19.1	21.5
Natl Convenience	195	19.1	def
First Wachovia	196	19.1	15.8
Interpublic Group	197	18.9	18.8
Squibb	198	18.9	56.6
Pep Boys	199	18.9	29.7
Dollar General	200	18.9	3.5
Petrie Stores	201	18.9	14.0
Tyco Laboratories	202	18.9	13.7
Standard Register	203	18.8	20.0
AON	204	18.8	19.4
AMP	205	18.8	19.9
Minn Mining & Mfg	206	18.8	19.9
Universal Leaf	207	18.8	19.4
Nordstrom	208	18.7	24.6
Sysco	209	18.7	14.3
Colt Industries	210	18.7	NE
Meredith	211	18.7	11.2
Midlantic Banks	212	18.7	14.8
American Express	213	18.7	18.3
Hon Industries	214	18.6	19.0
USG	215	18.6	41.3
Consolidated Papers	216	18.5	15.0
American Brands	217	18.5	9.2
Hershey Foods	218	18.5	19.8
Barnett Banks	219	18.5	16.5
Dover	220	18.4	16.5
PNC Financial	221	18.4	16.6
SCI Systems	222	18.3	13.4
SunTrust Banks	223	18.3†	17.2
Coachmen Industries	224	18.3	1.6
Raytheon	225	18.3	21.8
UtiliCorp United	226	18.2	13.2
National Service	227	18.2	16.4
Automatic Data	228	18.1	18.1
Curtice-Burns Foods	229	18.1	14.1
Genuine Parts	230	18.1	21.0
Masco	231	18.1	20.7
Loral	232	18.1	17.3
Delchamps	233	17.9	9.5
Kraft	234	17.9	25.1
Quaker Oats	235	17.8	19.8
RR Donnelley & Sons	236	17.8	25.9
Whirlpool	237	17.8	13.8
Sovran Financial	238	17.8	18.6
Fidelcor	239	17.8	12.5
Zayre	240	17.8	24.6
Lowe's Cos	241	17.7	10.8
New England Electric	242	17.7	15.6
Hillenbrand Inds	243	17.7	23.8
Sherwin-Williams	244	17.6	22.5
United Illuminating	245	17.6	16.4
American Greetings	246	17.6	10.7
Wm Wrigley Jr	247	17.6	23.1
Northeast Utilities	248	17.6	13.3
Exxon	249	17.6	15.0
Ryder System	250	17.6	15.5
American Bankers	251	17.5	def
Cullum Cos	252	17.5	14.9

NA: Not available. NE: Negative equity. def: Deficit. †Four-year average. ††Three-year average.

WHO'S WHERE IN PROFITABILITY

		Return on equity	
Company	rank	5-year average	latest 12 months
Cincinnati Financial	253	17.5%	15.1%
Crestar Financial	254	17.5	11.7
Hubbell	255	17.4	18.5
Hewlett-Packard	256	17.4	14.6
Payless Cashways	257	17.4	11.2
Hartford National	258	17.4	16.4
Farmers Group	259	17.4	16.9
Rose's Stores	260	17.4	13.5
Collins Foods Intl	261	17.3	15.3
Ball Corp	262	17.3	17.4
Johnson & Johnson	263	17.3	27.1
Bankers Trust NY	264	17.3	def
San Diego G&E	265	17.3	13.7
Citizens & Southern	266	17.2	14.8
Dayton-Hudson	267	17.2	14.2
Commonwealth En	268	17.2	11.2
Pillsbury	269	17.2	16.0
Procter & Gamble	270	17.2	6.9
Bergen Brunswig	271	17.2	8.9
Berkshire Hathaway	272	17.2	8.6
First Kentucky Natl	273	17.2	12.4
Banc One	274	17.1†	14.3
Stop & Shop Cos	275	17.1	8.5
JP Morgan & Co	276	17.1	4.4
Mercantile Stores	277	17.1	15.7
Republic New York	278	17.1	3.7
Avery International	279	17.1	19.0
Oxford Industries	280	17.1	8.2
Yellow Freight Sys	281	17.1	10.7
NCNB	282	17.1	14.9
Hilton Hotels	283	17.1	15.1
Roadway Services	284	17.0	8.8
Kimball International	285	17.0	17.1
First of America Bank	286	17.0	14.5
Pentair	287	17.0	9.8
National Medical	288	16.9	7.1
Reynolds & Reynolds	289	16.9	11.8
Sonoco Products	290	16.9	23.7
Laclede Gas	291	16.9	13.7
Signet Banking	292	16.8	5.4
United Artists	293	16.8	6.8
McCormick & Co	294	16.8	12.4
Northrop	295	16.8	7.6
Bank of New England	296	16.8	12.1
Wendy's Intl	297	16.8	0.4
Kansas Power & Light	298	16.8	15.0
Torchmark	299	16.7	23.5
American Intl Group	300	16.7	22.4
Bausch & Lomb	301	16.6	16.6
Upjohn	302	16.6	28.9
No States Power	303	16.6	15.4
Cooper Tire & Rubber	304	16.6	14.7
Westinghouse	305	16.5	23.5
Peoples Energy	306	16.5	11.8
Wisconsin P&L	307	16.5	14.9
Grumman	308	16.5	8.2
Kaman	309	16.5	16.6
Potomac Electric	310	16.5	18.4
Knight-Ridder	311	16.5	17.8
Bank of New York	312	16.4	3.1
So Calif Edison	313	16.4	13.4
Old Republic Intl	314	16.4	17.1
KeyCorp	315	16.3	15.4
Security Pacific	316	16.3	5.1
Gillette	317	16.3	13.0
Ipalco Enterprises	318	16.3%	22.3%
Central & South West	319	16.3	15.8
Longs Drug Stores	320	16.2	14.3
Boatmen's Bancshares	321	16.2	13.2
Florida Natl Banks	322	16.2	5.6
Square D	323	16.1	17.4
First Fidelity Bncp	324	16.1	10.7
Wisconsin Energy	325	16.1	15.1
Alexander & Baldwin	326	16.1	22.3
Capital Holding	327	16.1	19.2
Illinois Power	328	16.1	16.3
Union Electric	328	16.1	16.4
Ethyl	329	16.1	20.1
Wetterau	330	16.1	17.3
Southern Company	331	16.1	14.8
Fleming Cos	332	16.1	8.8
Echlin	333	16.0	10.0
Centel	334	16.0	11.6
Guilford Mills	335	16.0	13.5
Spiegel	336	16.0†	31.9
Iowa-Illinois G&E	337	16.0	15.0
Triangle Industries	338	16.0	13.5
Harcourt Brace	339	16.0	def
Martin Marietta	340	16.0	25.5
Southland	341	16.0	8.6
Boeing	342	15.9	11.0
Texas Utilities	343	15.8	14.9
Marshall & Ilsley	344	15.8	15.6
Norstar Bancorp	345	15.8	15.3
PacifiCorp	346	15.8	14.9
Campbell Soup	347	15.8	16.1
Hospital Corp	348	15.8	8.2
Super Food Services	349	15.8	16.3
Blount	350	15.7	4.7
Contel	351	15.7	13.5
Carlisle Cos	352	15.7	10.3
Citicorp	353	15.7	def
Kansas City P&L	354	15.6	9.4
Uslico	355	15.6	13.9
Circle K	356	15.6	15.1
Commonwealth Ed	357	15.6	15.5
Sterling Drug	358	15.6	19.7
Bank of Boston	359	15.6	7.5
Bairnco	360	15.6	14.5
Jamesway	361	15.6	11.4
Rohm & Haas	362	15.5	18.8
Wisconsin Public Svc	363	15.5	14.0
AmSouth Bancorp	364	15.5	16.3
Central Hudson G&E	365	15.5	12.5
Centerior Energy	366	15.5	14.0
BayBanks	367	15.4	16.0
Witco	368	15.4	13.9
WW Grainger	369	15.4	15.0
First Tennessee Natl	370	15.4	12.7
Ingles Markets	371	15.4††	15.6
Allegheny Power	372	15.4	15.3
Meridian Bancorp	373	15.4	15.5
Bowater	374	15.3	11.7
MCI Communications	375	15.3	def
Litton Industries	376	15.3	13.9
Questar	377	15.3	8.9
National City	378	15.3	13.9
May Dept Stores	379	15.2	16.2
United Jersey Banks	380	15.2	16.0
Delmarva Power & Lt	381	15.2	14.0
Baltimore G&E	382	15.2%	16.7%
Chemical New York	383	15.2	def
Ameritech	384	15.2††	17.0
Tribune	385	15.2	10.9
US Shoe	386	15.2	8.3
Pacific G&E	387	15.1	7.9
Emery Air Freight	388	15.1	def
NY State E&G	389	15.1	def
Holly Farms	390	15.1	18.5
Illinois Tool Works	391	15.1	26.0
Niagara Mohawk Pwr	392	15.1	4.8
Edison Bros Stores	393	15.1	5.2
Rochester G&E	394	15.1	6.1
Universal Foods	395	15.1	14.3
First American	396	15.0	13.4
Dexter	397	15.0	15.6
Kellwood	398	15.0	18.2
Cincinnati G&E	399	15.0	20.0
General Motors	400	15.0	10.4
American Natl Ins	401	15.0	14.2
Kimberly-Clark	402	15.0	19.8
Portland General	403	15.0	9.8
Vulcan Materials	404	14.9	20.4
Florida Progress	405	14.9	16.3
Merrill Lynch	406	14.9	20.3
Amoco	407	14.9	10.1
Southwest Airlines	408	14.8	4.0
BellSouth	409	14.8††	16.2
NCR	410	14.8	16.1
PPG Industries	411	14.7	21.5
American General	412	14.7	14.0
Consolidated Edison	413	14.7	14.2
Consol Natural Gas	414	14.7	10.2
Brooklyn Union Gas	415	14.7	14.1
Johnson Controls	416	14.7	10.8
Provident Life & Acc	417	14.6	13.1
Wang Laboratories	418	14.6	def
Coastal Corp	419	14.6	23.7
Morrison	420	14.6	14.1
Tracor	421	14.6	13.8
Figgie Intl	422	14.6	15.9
Huntington Bshs	423	14.6	11.9
Kay	424	14.5	39.3
USAir Group	425	14.5	15.3
Ohio Edison	426	14.5	15.3
Arkla	427	14.5	11.6
American Medical	428	14.5	12.3
Stanley Works	429	14.5	14.7
Stanadyne	430	14.5	13.6
Southwest Gas	431	14.5	13.2
Mapco	432	14.4	12.3
Schering-Plough	433	14.4	24.5
Intl Multifoods	434	14.4	17.9
Safeco	435	14.4	23.4
Oklahoma G&E	436	14.4	12.5
Nucor	437	14.4	11.8
Sealed Power	438	14.4	12.8
First Bank System	439	14.4	4.2
Borden	440	14.4	17.7
Strawbridge	441	14.4	13.2
Pinnacle West	442	14.4	12.3
Bell Atlantic	443	14.4††	14.8
Scana	444	14.3	16.0
Long Island Lighting	445	14.3	4.4
Alltel	446	14.3	12.4

NA: Not available. NE: Negative equity. def: Deficit. †Four-year average. ††Three-year average.

Company	rank	Return on equity 5-year average	Return on equity latest 12 months
TECO Energy	447	14.3%	15.3%
Jerrico	448	14.3	11.9
HB Fuller	449	14.3	17.1
Wells Fargo	450	14.3	def
Computer Sciences	451	14.2	12.8
Dominion Bankshares	452	14.2	15.4
Smithfield Foods	453	14.2	20.2
Moore Corp	454	14.2	11.8
Gerber Products	455	14.2	7.3
Baxter International	456	14.2	8.2
CPC International	457	14.2	36.1
National Fuel Gas	458	14.1	10.5
CNA Financial	459	14.1	13.0
Iowa Resources	460	14.1	12.8
Pacific Telesis	461	14.1††	14.0
Duke Power	462	14.1	14.5
GAF	463	14.1	16.6
Philadelphia Elec	464	14.1	12.2
FMC	465	14.1	NE
Carolina Power & Lt	466	14.1	13.6
Alco Standard	467	14.0	17.1
Orange & Rockland	468	14.0	13.5
MNC Financial	469	14.0	16.8
Nynex	470	14.0††	14.0
Houston Industries	471	13.9	14.3
Monarch Capital	472	13.9	15.0
Southwestern Bell	473	13.8††	18.7
US West	474	13.8††	13.1
Ruddick	475	13.8	12.1
CILcorp	476	13.8	14.7
Getty Petroleum	477	13.8	11.3
K mart	478	13.8	20.6
Shawmut	479	13.8	6.9
FPL Group	480	13.8	13.2
Intermark	481	13.7	3.7
Tecumseh Products	482	13.7	12.5
Church's Fried	483	13.7	3.5
General Re	484	13.7	19.6
Cincinnati Bell	485	13.7	18.0
Std Commercial Tob	486	13.6	10.4
Washington Gas Light	487	13.6	11.8
Airborne Freight	488	13.6	10.4
Consol Freightways	489	13.6	11.5
Brown Group	490	13.6	12.3
McDonnell Douglas	491	13.6	11.0
Mercantile Bancorp	492	13.6	def
Household Intl	493	13.5	22.0
Durr-Fillauer	494	13.5	11.0
Holiday	495	13.5	21.7
CalFed	496	13.5††	14.1
American President	497	13.5††	12.2
So New England Tel	498	13.4	13.7
Southeast Banking	499	13.4	6.6
Quaker State Oil	500	13.4	def
Society	501	13.4	18.9
Public Svc Enter	502	13.4	9.6
Briggs & Stratton	503	13.4	8.0
Valley National	504	13.4	1.2
Arvin Industries	505	13.4	16.3
Gulf States Utils	506	13.3	8.5
Godfrey	507	13.3	23.5
Pittway	508	13.3	10.3
Centex	509	13.3	8.3
Boston Edison	510	13.3	13.3
Central Ill Pub Svc	511	13.3	11.4
Singer	512	13.3%	26.7%
Gt Am First Savings	513	13.3††	18.1
Public Service NM	514	13.2	10.0
Standard Shares	515	13.2	17.9
Media General	516	13.2	def
Emhart	517	13.2	14.1
Ecolab	518	13.2	52.5
Montana Power	519	13.2	7.2
AMR	520	13.2	7.9
Lubrizol	521	13.2	14.3
TRW	522	13.1	22.8
Detroit Edison	523	13.1	17.7
Ogden	524	13.1	54.8
Colgate-Palmolive	525	13.0	4.7
First Interstate Bncp	526	13.0	def
Parker-Hannifin	527	13.0	12.4
Gibraltar Financial	528	13.0	def
Louisville G&E	529	13.0	13.0
Mfrs Hanover	530	13.0	def
Manufacturers Natl	531	12.9	8.8
Irving Bank	532	12.9	0.9
Nash Finch	533	12.9	13.5
Middle South Utils	534	12.9	10.1
Commerce Bcshs	535	12.9	11.3
Engelhard	536	12.9	13.3
Federated Dept Strs	537	12.9	11.5
Kentucky Utilities	537	12.9	13.1
MCA	538	12.9	8.5
Hartmarx	539	12.8	9.9
Unocal	540	12.8	11.9
Arden Group	541	12.8	19.0
Scotty's	542	12.8	6.5
Atlantic Energy	543	12.8	13.3
Kroger	544	12.8	14.9
DPL	545	12.7	16.8
Bell & Howell	546	12.7	8.7
First RepublicBank	547	12.7	def
Perry Drug Stores	548	12.6	def
Univar	549	12.6	7.3
Sears, Roebuck	550	12.6	12.7
Esselte Business Sys	551	12.6	14.8
JC Penney	552	12.6	13.7
Nortek	553	12.6	8.5
US Bancorp	554	12.5	13.4
Kemper	555	12.5	18.7
NBD Bancorp	556	12.5	11.7
Munford	557	12.5	def
Public Service Colo	558	12.5	17.8
Perkin-Elmer	559	12.5	def
McKesson	560	12.4	11.7
Duquesne Light	561	12.4	9.1
Rykoff-Sexton	562	12.4	10.4
Trinova	563	12.4	def
First Wisconsin	564	12.4	def
Armstrong World Inds	565	12.4	17.8
Kansas Gas & Elec	566	12.4	9.4
Carteret Bancorp	567	12.4††	13.2
Raychem	568	12.3	16.3
Home Federal S&L	569	12.3††	12.3
Dominion Resources	570	12.3	15.4
Jefferson-Pilot	571	12.3	12.7
Beverly Enterprises	572	12.3	def
Grow Group	573	12.3	def
Tandem Computers	574	12.2	17.7
Riggs National	575	12.2	3.6
Pennsylvania P&L	576	12.2%	12.9%
Phillips-Van Heusen	577	12.2	26.4
George A Hormel	578	12.2	12.3
GTE	579	12.2	13.3
Chase Manhattan	580	12.2	def
Mellon Bank	581	12.2	def
Federal-Mogul	582	12.1	1.7
American Electric	583	12.1	14.1
Morrison-Knudsen	584	12.1	def
Warner-Lambert	585	12.1	31.6
Oneok	586	12.1	5.5
HF Ahmanson	587	12.1	14.0
Midwest Energy	588	12.0	12.2
First Maryland Bncp	589	12.0	13.4
Union Texas	590	12.0††	NE
Dennison Mfg	591	12.0	15.6
Hercules	592	12.0	46.4
Hanover Insurance	593	12.0	30.0
Foremost Corp of Amer	594	11.9	15.9
Wicor	595	11.9	8.6
Becton Dickinson	596	11.9	17.4
TW Services	597	11.9†	6.0
Lincoln National	598	11.9	14.0
Advanced Micro	599	11.9	def
Diversified Energies	600	11.8	10.1
Bemis	601	11.8	14.2
Crown Cork & Seal	602	11.8	14.5
Sundstrand	603	11.8	5.5
Greyhound	604	11.7	15.9
Chubb	605	11.7	20.4
Avon Products	606	11.7	22.8
Transco Energy	607	11.6	def
American Building	608	11.6	5.8
Phillips Petroleum	609	11.6	def
Integrated Resources	610	11.6	10.8
Puget Sound P&L	611	11.6	10.4
Seagram	612	11.5	11.7
Temple-Inland	613	11.5††	14.4
MCorp	614	11.5	def
DynCorp	615	11.5	11.1
Comerica	616	11.4	12.2
Federal Paper Board	617	11.4	19.1
Pennzoil	618	11.3	7.6
Motorola	619	11.3	9.7
Digital Equipment	620	11.3	19.5
Zurn Industries	621	11.3	10.4
Utah Power & Light	622	11.3	9.0
Primark	623	11.2	11.2
Ohio Casualty	624	11.2	18.7
Union Camp	625	11.1	15.5
Textron	626	11.1	18.5
Scott Paper	627	11.1	15.5
Tektronix	628	11.1	4.5
United Banks of Colo	629	11.0	def
Norfolk Southern	630	11.0	8.5
United Technologies	631	10.9	4.5
Freeport-McMoRan	632	10.9	32.4
Avnet	633	10.9	4.4
Roper Corp	634	10.9	26.7
Archer-Daniels	635	10.9	12.7
Pacific Lighting	636	10.9	14.5
Westvaco	637	10.9	13.5
Life Investors	638	10.9	9.1
Premier Bancorp	639	10.8	def
Marsh Supermarkets	640	10.8	14.8

NA: Not available. NE: Negative equity. def: Deficit. †Four-year average. ††Three-year average.

WHO'S WHERE IN PROFITABILITY

Company	rank	Return on equity 5-year average	Return on equity latest 12 months
Mitchell Energy	641	10.8%	1.0%
Atlanta Gas Light	642	10.8	12.2
Dana	643	10.8	11.9
Hawaiian Electric	644	10.7	12.0
Marine Midland Banks	645	10.7	def
West Point-Pepperell	646	10.7	10.3
AmeriTrust	647	10.7	3.5
Enron	648	10.7	def
United Telecom	649	10.7	def
Tyler	650	10.7	6.7
Travelers	651	10.6	10.7
EI du Pont de Nemours	652	10.6	12.7
American Cyanamid	653	10.6	18.6
Insilco	654	10.6	10.4
Foster Wheeler	655	10.6	5.7
Willamette Inds	656	10.6	20.9
Gt Western Financial	657	10.6	16.0
Harsco	658	10.6	13.0
Transamerica	659	10.5	18.4
KN Energy	660	10.5	0.1
American Standard	661	10.5	14.6
Continental Corp	662	10.4	14.1
Air Prods & Chems	663	10.4	14.7
Walt Disney	664	10.4	29.8
DeSoto	665	10.4	11.9
Culbro	666	10.4	26.0
General Signal	667	10.3	7.2
Paccar	668	10.3	14.1
Jim Walter	669	10.3	14.7
Coleman	670	10.3	10.4
Texas Industries	671	10.3	def
Central Maine Power	672	10.2	9.0
Guy F Atkinson	673	10.1	5.0
Entex	674	10.0	def
Carson Pirie Scott	675	10.0	def
Great A&P Tea	676	10.0	11.9
Arkansas Best	677	10.0	6.3
Harris Corp	678	9.9	9.3
Liquid Air	679	9.9	10.4
Outboard Marine	680	9.8	11.1
Atlantic Richfield	681	9.8	18.0
Service Merchandise	682	9.8	def
Chevron	683	9.8	4.5
Pacific Resources	684	9.7	1.5
Longview Fibre	685	9.7	26.5
Goodyear	686	9.7	28.3
Sun Company	687	9.7	6.4
Eaton	688	9.6	17.9
EF Hutton Group	689	9.6	def
Eastman Kodak	690	9.5	11.0
First Chicago	691	9.5	def
Schlumberger	692	9.5	def
Owens-Corning	693	9.5	NE
Corning Glass Works	694	9.5	11.4
Del E Webb	695	9.4	def
Kansas City Southern	696	9.4	def
RLC	697	9.3	3.9
Gt Northern Nekoosa	698	9.3	20.3
Mobil	699	9.3	7.1
Varian Associates	700	9.2	5.1
Xerox	701	9.2	9.8
Business Men's Assur	702	9.1	24.5
Norwest	703	9.1	def
Cooper Industries	704	9.1	11.4
Whittaker	705	9.1	14.5
Central Steel & Wire	706	9.0%	8.9%
Pueblo International	707	9.0	11.9
Wyman-Gordon	708	8.9	def
Lorimar-Telepictures	709	8.9	def
Interco	710	8.8	9.4
Tele-Communications	711	8.7	7.6
Equitable of Iowa	712	8.7	7.3
M/A-Com	713	8.6	def
Northern Trust	714	8.6	def
Seaway Food Town	715	8.5	9.9
USLife	716	8.5	9.4
ITT	717	8.5	11.0
Commercial Metals	718	8.5	6.9
Centerre Bancorp	719	8.4	5.3
Ferro	720	8.3	16.6
No'western Natl Life	721	8.3	12.2
Delta Air Lines	722	8.3	16.0
Aetna Life & Cas	723	8.3	15.8
Texas Eastern	724	8.3	7.2
DWG	725	8.3	25.4
Monsanto	726	8.2	10.9
California First Bk	727	8.2	11.6
CertainTeed	728	8.1	11.9
Constar Intl	729	8.1	9.3
Gordon Jewelry	730	8.0	def
Dow Chemical	731	8.0	20.4
Carpenter Technology	732	8.0	1.8
Burlington Northern	733	8.0	9.5
USF&G	734	8.0	12.2
Cabot	735	8.0	6.7
Springs Industries	736	7.9	15.2
First Security	737	7.7	3.4
Interlake	738	7.6	16.4
Gulf & Western	739	7.5	15.4
Omnicom Group	740	7.5††	15.0
Tenneco	741	7.5	def
Alberto-Culver	742	7.4	15.3
Caesars World	743	7.3	14.5
Amdahl	744	7.3	22.8
Chesapeake	745	7.3	10.4
St Paul Cos	746	7.2	20.9
Santa Fe Southern	747	7.2	0.2
Potlatch	748	7.2	18.3
American Tel & Tel	749	7.2††	2.4
Union Carbide	750	7.2	17.5
Washington National	751	7.2	6.5
Lone Star Industries	752	7.1	14.9
Louisiana Land	753	7.0	def
CSX	754	7.0	8.2
Bearings	755	6.9	5.5
Barnes Group	756	6.9	13.1
CBI Industries	757	6.9	2.5
Texaco	758	6.9	2.9
Fieldcrest Cannon	759	6.8	6.9
Adolph Coors	760	6.8	4.9
CalMat	761	6.8	20.0
Ashland Oil	762	6.7	14.3
Skyline	763	6.7	9.7
Penn Central	764	6.7	5.7
Atlantic Financial	765	6.7††	1.9
Columbia Gas System	766	6.7	7.0
General Public Utils	767	6.6	14.0
FW Woolworth	768	6.6	16.0
Murphy Oil	769	6.6	def
Unisys	770	6.5	def
Kaufman & Broad	771	6.5%	18.8%
Primerica	772	6.5	18.9
National Distillers	773	6.4	22.9
Public Service NH	774	6.4	11.6
Georgia-Pacific	775	6.4	16.9
Brockway Inc (NY)	776	6.3	15.4
GenCorp	777	6.3	30.0
Cummins Engine	778	6.3	2.1
NWA	779	6.2	8.7
Alexander's	780	6.2	1.6
Stone Container	781	6.2	30.9
Honeywell	782	6.1	def
Weyerhaeuser	783	6.1	13.0
No Indiana Pub Svc	784	6.1	4.7
Occidental Petroleum	785	6.0	3.3
Pennwalt	786	6.0	11.3
Sonat	787	5.9	def
Armtek	788	5.9	11.1
Data General	789	5.9	def
Farm House Foods	790	5.7	def
Union Pacific	791	5.6	15.0
Talley Industries	792	5.6	def
Toro	793	5.6	24.0
Combustion Eng	794	5.6	6.6
Amoskeag	795	5.5	5.8
Mead	796	5.5	13.6
Michigan National	797	5.5	14.3
Intel	798	5.5	6.6
Foodarama Supermkts	799	5.4	7.9
International Paper	800	5.2	13.5
Mohasco	801	5.2	5.2
Polaroid	802	5.2	15.6
Di Giorgio	803	5.2	def
Borman's	804	5.2	16.4
Fischbach	805	5.2	def
Nashua	806	5.2	13.3
Enserch	807	5.2	2.6
Allied-Signal	808	5.1	16.1
Craig	809	5.0	18.9
TIE/Communications	810	4.9	def
Computervision	811	4.8	8.1
Allegis	812	4.8	4.2
Staley Continental	813	4.8	6.4
Handy & Harman	814	4.8	def
Great American Mgmt	815	4.8	0.1
Boise Cascade	816	4.6	10.1
Cigna	817	4.6	16.0
American Maize	818	4.6	10.2
IC Industries	819	4.5	12.2
Eastern Gas & Fuel	820	4.5	3.4
American Petrofina	821	4.4	11.5
Intl Minerals & Chem	822	4.3	3.6
Champion Spark Plug	823	4.3	5.9
Texas Instruments	824	4.3	16.2
Zenith Electronics	825	4.3	def
Warner Comm	826	4.3	24.7
Best Products	827	4.2	def
Alcoa	828	4.0	7.0
CNW	829	4.0	10.9
United Brands	830	3.9	13.5
JP Stevens	831	3.9	10.8
Louisiana-Pacific	832	3.8	11.7
Champion Intl	833	3.8	14.0
Commercial Credit	834	3.8	2.0
Olin	835	3.7	9.9

NA: Not available. NE: Negative equity. def: Deficit. †Four-year average. ††Three-year average.

		Return on equity	
Company	rank	5-year average	latest 12 months
Perini	836	3.5%	8.5%
Meritor Financial	837	3.5††	def
Texas American Bcsh	838	3.5	def
Ingersoll-Rand	839	3.4	15.4
Gelco	840	3.4	def
Firestone	841	3.3	6.4
Halliburton	842	3.3	0.9
Crane	843	3.2	28.0
Kerr-McGee	844	3.0	5.7
AO Smith	845	3.0	7.9
Earle M Jorgensen	846	3.0	def
Butler Manufacturing	847	2.8	2.5
Ross Stores	848	2.8†	def
CMS Energy	849	2.8	6.9
Fireman's Fund	850	2.7	22.6
UGI	851	2.7	11.3
Bally Manufacturing	852	2.6	10.2
Trinity Industries	853	2.5	2.3
Newmont Mining	854	2.5	15.8
WR Grace	855	2.4	def
Todd Shipyards	856	2.2	NA
Thorn Apple Valley	857	2.1	def
Allen Group	858	2.0	def
Manhattan Industries	859	2.0	def
Alcan Aluminium	860	2.0	10.7
DeKalb	861	1.8	5.3
General Refractories	862	1.7	48.2
McDermott In[illegible]	863	1.7	def
Eagle-Picher Inds	864	1.7	21.9
Fedl Natl Mortgage	865	1.5	13.8
Valero Energy	866	1.5	1.9
Stewart-Warner	867	1.3	def
Foxboro	868	1.3	def
PS Group	869	1.0	22.5
IU International	870	0.8	9.5
Dresser Industries	871	0.8	def
Panhandle Eastern	872	0.7	def
Westmoreland Coal	873	0.7	4.0
Williams Cos	874	0.6	def
Beneficial Corp	875	0.6	def
Soo Line	876	0.4	def
Ramada	877	0.3	3.4
Amerada Hess	878	0.3	11.9
Cincinnati Milacron	879	0.1	4.1
Cameron Iron Works	880	0.1	def
National-Standard	881	def	def
General Instrument	882	def	def
Deere	883	def	def
Lukens	884	def	11.1
BankAmerica	885	def	def
Manville	886	def	13.0
Alexander & Alexander	887	def†	18.5
Lafarge	888	def	13.3
Genesco	889	def	24.0
Resorts Intl	890	def	def
Nicor	891	def	14.4
Black & Decker	892	def	9.0
Koppers	893	def	14.5
Timken	894	def	def
Norton	895	def	def
Crown Central Pet	896	def	def
United Financial	897	def	def
GATX	898	def	16.1
Natl Semiconductor	899	def	def
Fisher Foods	900	def	def
Reynolds Metals	901	def	15.5%
HH Robertson	902	def	def
Imperial Corp of Am	903	def	24.1
Gould	904	def	2.7
Pittston	905	def	2.4
Caterpillar	906	def	1.0
First City Bancorp	907	def	def
Stewart & Stevenson	908	def	7.9
Moore McCormack	909	def	6.5
Datapoint	910	def	def
Mack Trucks	911	def	4.2
First Pennsylvania	912	def	def
Amfac	913	def	def
Interstate Bakeries	914	def	12.1
Dravo	915	def	def
Ampco-Pittsburgh	916	def	def
Orion Capital	917	def	def
BF Goodrich	918	def	9.1
US Home	919	def	1.8
Florida Federal S&L	920	def††	def
Fluor	921	def	def
Control Data	922	def	def
Zapata	923	def	def
Phelps Dodge	92[illegible]	def	6.8
Kerr Glass Mfg	925	def	3.8
KaiserTech	926	def	def
Inland Steel Inds	927	def	9.4
USX	928	def	def
Arrow Electronics	929	def	def
Continental Illinois	930	def	def
Copperweld	931	def	1.3
Tesoro Petroleum	932	def	def
Northwestern Steel	933	def	3.4
Asarco	934	def	19.1
Inco	935	def	1.8
Clark Equipment	936	def	def
NL Industries	937	def	def
National Intergroup	938	def	def
UNC	939	def	11.3
Baker Hughes	940	def†	def
Harnischfeger Inds	941	def	1.5
LB Foster	942	def	def
Fairchild Industries	943	def	def
United Merchants	944	def	def
Businessland	945	def†	11.8
AMAX	946	def	20.2
Mattel	947	def†	def
Wilson Foods	948	def	7.8
PACE Membership	949	def†	0.7
Armco	950	def	23.0
Inspiration Resource	951	def	def
Trans World Airlines	952	def††	121.1
Bethlehem Steel	953	def	15.7
American Hoist	954	def	def
AH Robins	955	def††	176.4
Smith International	956	def	def
Western Co No Amer	957	def	NE
Allegheny Intl	958	def	def
Pan Am	959	def	def
Ideal Basic Inds	960	def†	def
Wheeling-Pittsburgh	961	def†	NE
Charter	962	def††	119.8
Western Union	963	def	NE
Gearhart Industries	964	def	NE
Savin	965	def†	NE
Grossman's	966	def†	44.4%
Pullman	967	def††	9.5
Navistar Intl	968	def††	NE
LTV	969	def	[illegible]
Texas Air	970	def††	def
Allis-Chalmers	971	def†	NE
Wickes Cos	972	def††	13.7
Storage Technology	973	def†	NE
Tiger International	974	def†	NE
Consolidated Rail	975	NE	NE
AM International		NA	def
Alco Health Services		NA	14.1
Allegheny Ludlum		NA	NA
AmeriFirst Federal		NA	NA
Anchor Savings Bank		NA	NA
Aristech Chemical		NA	19.3
Bear Stearns Cos		NA	18.6
Benj Franklin S&L		NA	NA
Boys Markets		NA	73.6
Carter Hawley Hale		NA	NA
Castle & Cooke		NA	4.2
Child World		NA	5.4
Coast S&L Assoc		NA	13.5
Coca-Cola Enterprises		NA	4.5
Costco Wholesale		NA	4.1
CrossLand Savings FSB		NA	7.3
Cyprus Minerals		NA	2.5
Diamond Sham R&M		NA	16.6
Dime Savings Bank		NA	NA
E-II Holdings		NA	NA
Edgcomb		NA	def
Empire of America		NA	def
Foodmaker		NA	22.1
Fruit of the Loom		NA	NE
GM Hughes Electronics		NA	3.1
General Mills		NA	34.1
Georgia Gulf		NA	55.5
GlenFed		NA	15.4
Goldome		NA	NA
Henley Group		NA	def
Hills Dept Stores		NA	NE
Home Group		NA	19.5
Home Shopping		NA	58.9
IBP		NA	NA
Leslie Fay Cos		NA	18.5
Masco Industries		NA	21.3
Maxus Energy		NA	def
Morgan Stanley		NA	32.0
Neiman-Marcus Group		NA	NA
Pay'n Save		NA	def
Premark Intl		NA	def
SSMC		NA	4.5
Standard Fedl Bank		NA	NA
TCF Banking & Savings		NA	2.1
Talman Home Fedl		NA	NA
Tosco		NA	def
Turner Broadcasting		NA	NE
UNUM Corp		NA	NA
Varity Corp		NA	def
Viacom		NA	NA
Vista Chemical		NA	def
Vons Cos		NA	NE
Western Auto Supply		NA	500.0+
York International		NA	NA

NA: Not available. NE: Negative equity. def: Deficit. †Four-year average. ††Three-year average.

WHO'S WHERE IN THE INDUSTRY GROUPS

Five-year averages describe past performance. Latest-12-month results show where an industry may be headed.

By Steve Kichen

WALL STREET'S COLLAPSE effectively capped lackluster trends in corporate profitability. For 14 out of 31 major industry groups, latest-12-month returns on equity lagged five-year results. And 50 out of 91 subindustry groups fell behind their long-term records.

Retailing, telecommunications, aerospace and defense, natural gas, and banks and thrifts could be in for a sharp drop in long-term profitability rankings, because their recent performances are way below their long-term trends. This means that many industry groups are likely to shift positions next year. Beverages and tobacco led the group, based on a five-year profitability of 20.5%. But over the latest 12 months the top industry group would be health, with a 20% return on equity. Based on latest-12-month results the insurance industry would move up to 7th place, versus the 17th-place slot it holds in long-term performance. By the same measure, paper companies would move from the 21st position in long-term performance to 9th for the last 12 months.

For the fourth year in a row, beverages and tobacco remains the most profitable industry. Within this group, the soft-drink subindustry, with a 24.2% return, is much more profitable than alcoholic beverages, a group in which five-year average return on equity fell from 20.3% to 15.9%, and latest-12-month profitability is down to 14.1%. Weakness in this subindustry could eventually push beverages and tobacco down a couple of notches. While the metals industry remains mired in last place, its return to profitability in the latest 12 months is an encouraging sign of better prospects. ■

Yardsticks of management performance	**Profitability**					**Growth**					
	Return on equity					Sales			Earnings per share		
Industry	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Beverages and tobacco	1	20.5%	19.4%	32.2%	7.4%	11	8.2%	8.3%	1	12.9%	12.8%
Alcoholic beverages		15.9	14.1	30.0	7.8		11.5	7.0		7.1	8.9
Soft drinks		24.2	24.8	100.8	8.0		6.3	14.5		14.1	28.3
Tobacco		21.3	19.4	27.7	5.8		12.9	8.3		9.5	11.3
Communications media	2	19.1	17.8	49.8	5.9	5	11.5	9.8	2	12.9	9.5
Publishing		19.8	18.1	47.3	7.4		11.2	9.7		13.9	12.3
Broadcasting		18.7	7.9	84.4	4.1		16.6	15.9		12.3	–24.1
Media services		19.5	17.6	12.8	4.6		12.8	11.7		14.9	24.0
Financial services	3	18.7	17.2	71.4	4.7	1	17.1	10.1	8	9.5	5.9
Financial companies		13.5	17.2	171.3	4.7		12.2	4.5		9.8	20.1
Brokerage houses		19.7	17.0	62.6	5.4		28.4	15.0		8.6	–0.5
Commodity traders		14.5	19.4	27.7	1.8		–0.3	–1.4		9.5	–28.8
Industrial and office services	4	18.1	15.2	29.2	4.3	4	11.8	12.9	3	12.2	6.8
Industrial services		16.4	19.5	31.8	5.9		7.0	6.4		7.9	16.0
Office products, services		18.1	14.5	29.2	3.9		12.5	13.6		13.3	4.4

def: Deficit. NE: Negative equity. NM: Not meaningful. For further explanation, see page 65.

INDUSTRY MEDIANS

Yardsticks of management performance	Profitability					Growth					
	Return on equity					Sales			Earnings per share		
Industry	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Health	5	17.5%	20.0%	36.0%	7.7%	8	10.8%	12.0%	7	10.0%	14.2%
Drugs		18.9	23.4	27.5	9.2		6.7	12.0		10.0	19.4
Medical supplies		16.9	17.4	32.0	9.0		9.9	14.8		9.3	16.0
Health care services		24.5	12.3	170.4	4.1		27.4	8.9		11.0	10.3
Electrical equipment	6	16.3	16.9	13.0	6.9	23	5.6	4.6	12	7.5	15.6
Food processors	7	16.3	16.0	52.7	3.5	18	6.3	10.2	11	8.0	16.8
Food commodities		14.2	11.3	49.4	3.8		2.7	6.4		–3.1	13.7
Meatpacking		12.2	13.5	69.5	1.2		5.0	13.2		8.3	13.0
Branded foods		17.8	19.0	49.9	4.3		7.0	10.2		10.8	20.0
Retailing	8	16.1	14.0	52.5	2.7	3	13.6	10.1	5	11.8	14.6
Apparel		18.7	20.7	27.2	4.7		14.6	10.2		18.4	22.4
Catalog showrooms		9.8	def	157.9	def		19.5	6.6		NM	NM
Department stores		12.6	12.7	49.0	2.9		9.6	6.9		9.3	5.2
Discount and variety		17.3	14.1	55.2	2.2		15.0	9.5		14.5	6.7
Drugs		19.4	14.3	70.2	2.4		13.0	12.4		9.5	6.9
Jewelry		14.9	12.1	45.6	1.3		5.9	–9.3		–3.5	NM
Shoes		11.2	14.1	27.4	3.8		0.4	9.9		–2.6	14.2
Miscellaneous		17.6	16.9	53.8	2.6		22.1	18.5		16.0	47.1
Food distributors	9	16.1	14.9	74.0	1.5	10	9.4	7.7	10	8.2	8.9
Wholesale and supply		14.6	13.5	74.0	0.9		14.5	7.9		4.1	13.5
Major supermarkets		19.3	14.9	70.9	1.1		9.0	5.6		12.6	15.4
Regional supermarkets		16.5	15.3	76.1	1.4		7.7	11.0		12.6	11.2
Convenience stores		15.8	2.2	114.5	0.7		12.7	–4.9		–3.7	NM
Restaurant chains		17.0	15.6	58.5	3.8		10.5	10.5		7.2	11.0
Electric utilities	10	14.4	13.6	96.4	12.3	21	5.8	0.4	16	5.3	1.9
Northeast		15.1	13.3	91.7	11.2		4.3	0.0		5.6	–5.0
North central		15.5	14.9	104.8	13.0		5.5	–0.9		5.0	5.8
Southeast		14.1	14.6	89.5	12.3		8.4	2.3		6.4	7.6
South central		14.4	14.3	96.3	12.7		5.8	–2.2		4.7	2.4
Western		13.8	11.2	95.5	10.7		6.5	1.5		0.1	–17.1
Banks and thrifts	11	14.4	9.8	43.6	5.1	6	11.4	4.2	6	11.1	–24.6
Multinational		13.0	def	83.9	def		–0.3	5.0		5.9	NM
Northeast		16.4	15.3	58.2	9.1		12.2	15.5		10.1	–5.1
Mid-Atlantic		15.7	14.1	35.3	8.6		11.4	9.3		12.0	–10.8
North central		12.9	11.7	27.8	7.8		8.0	3.6		9.3	–12.8
Southeast		17.1	14.9	29.7	8.4		14.8	10.9		13.8	–3.2
South central		11.1	def	55.3	def		9.2	–12.6		NM	NM
Western		12.8	2.3	57.6	1.3		4.4	3.0		6.3	–75.9
Thrift institutions		13.1	13.2	94.7	5.0		21.8	2.3		38.4	–22.7
Telecommunications	12	13.8	13.2	63.0	8.4	22	5.8	1.9	19	2.8	3.4
Carriers		14.1	13.6	68.0	10.0		5.8	2.2		3.0	3.4
Manufacturing		7.7	def	10.0	def		9.0	–21.4		NM	NM
Aerospace and defense	13	13.6	12.8	28.0	3.9	17	6.5	1.8	13	6.1	11.6
Consumer products	14	13.4	14.7	39.5	3.9	12	7.7	12.6	14	5.8	13.9
Appliances		13.4	13.8	43.2	3.3		8.2	8.3		4.4	1.9
Home furnishings		8.8	10.6	40.4	3.5		8.8	13.0		8.7	15.1
Household products		16.4	15.3	31.0	7.8		3.4	7.0		4.3	22.2
Personal products		15.7	17.6	35.5	4.5		6.2	12.7		4.3	18.6
Natural gas	15	12.9	10.2	85.5	5.3	26	3.8	–6.5	24	–0.5	0.1
Producers & pipeliners		7.5	1.0	110.1	1.0		0.2	–18.5		NM	–81.8
Distributors		13.8	12.2	84.7	7.2		4.7	–4.7		5.7	1.7
Integrated		13.1	8.9	77.3	4.6		–2.1	–12.2		–10.1	–13.9
Apparel, shoes and textiles	16	12.8	13.5	35.5	3.5	15	7.0	9.3	26	–3.6	15.1
Apparel		12.5	12.0	37.7	4.1		6.6	6.7		–2.4	13.6
Shoes		15.2	13.8	27.2	4.1		13.6	9.0		–5.7	25.9
Textiles		8.1	12.1	54.4	3.4		7.9	6.8		–12.3	27.5

def: Deficit. NE: Negative equity. NM: Not meaningful. For further explanation, see page 65.

INDUSTRY MEDIANS

Yardsticks of management performance	**Profitability**					**Growth**					
	Return on equity					**Sales**			**Earnings per share**		
Industry	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**
Insurance	**17**	**12.6%**	**15.9%**	**17.0%**	**6.5%**	**2**	**14.4%**	**12.5%**	**4**	**12.0%**	**16.9%**
Brokers		14.9	32.5	19.1	9.9		12.6	14.9		NM	500.0+
Diversified		14.3	15.5	16.4	6.6		12.7	12.5		10.8	18.1
Life and health		12.3	14.2	16.7	5.7		17.4	14.0		20.4	5.0
Property and casualty		11.4	19.5	17.7	8.4		14.2	13.6		1.3	28.8
Packaging	**18**	**11.6**	**14.3**	**48.6**	**4.3**	**13**	**7.7**	**13.7**	**9**	**8.8**	**53.7**
Computers and electronics	**19**	**11.3**	**11.4**	**26.4**	**4.2**	**7**	**11.2**	**13.0**	**20**	**1.1**	**19.0**
Computers		14.8	13.0	44.0	6.2		14.6	14.6		5.7	18.5
Electronic equipment		10.5	6.9	23.3	3.5		5.0	8.4		–2.2	17.3
Semiconductors		4.9	0.3	24.4	0.9		9.5	16.6		NM	NM
Conglomerates	**20**	**11.1**	**14.7**	**52.1**	**5.6**	**27**	**3.8**	**0.5**	**22**	**0.3**	**20.1**
Paper	**21**	**10.9**	**15.0**	**50.8**	**6.2**	**19**	**6.1**	**16.0**	**15**	**5.7**	**0.3**
Chemicals	**22**	**10.6**	**14.4**	**41.4**	**5.3**	**28**	**2.1**	**8.4**	**27**	**–7.3**	**38.8**
Diversified		10.6	17.5	38.8	5.8		1.1	7.7		–8.2	57.3
Specialized		10.7	14.5	43.8	4.8		3.4	8.4		–6.5	29.3
Automotive	**23**	**10.5**	**10.8**	**39.1**	**3.4**	**14**	**7.5**	**6.7**	**17**	**3.5**	**23.6**
Automobiles and trucks		11.7	10.4	23.4	3.1		11.1	7.3		17.5	1.9
Automotive parts		10.8	11.3	45.6	3.4		6.6	7.3		–20.1	19.8
Recreational vehicles		18.3	9.7	0.0	3.4		11.0	6.1		10.6	16.8
Tire and rubber		5.9	11.1	42.2	3.6		0.9	2.7		NM	500.0+
Leisure and recreation	**24**	**10.4**	**11.0**	**59.9**	**4.8**	**20**	**6.0**	**13.6**	**21**	**1.0**	**5.1**
Entertainment		10.4	12.8	95.0	6.1		10.8	16.9		NM	15.3
Hotels and gaming		7.3	14.5	118.5	3.7		4.4	12.3		1.2	6.7
Recreation		18.5	10.8	49.0	3.4		9.2	26.5		5.3	28.1
Photography		9.5	15.6	22.5	6.6		2.0	12.9		9.4	71.8
Toys and electronics		33.9	def	187.5	def		21.1	1.2		NM	NM
Construction	**25**	**10.3**	**11.1**	**45.3**	**3.7**	**24**	**4.9**	**7.2**	**23**	**–0.1**	**26.2**
Residential builders		13.3	10.3	49.0	3.0		16.4	1.9		32.4	18.4
Commercial builders		10.1	2.6	35.9	0.9		1.4	1.3		–33.9	–38.8
Cement and gypsum		6.8	13.3	56.6	5.8		4.0	–7.5		NM	79.5
Lumber		6.1	14.0	55.7	6.2		5.6	16.0		20.0	81.1
Other materials		11.9	13.9	44.5	5.3		5.4	8.4		4.0	26.6
Surface transportation	**26**	**9.3**	**9.3**	**67.0**	**3.2**	**16**	**6.8**	**3.9**	**25**	**–3.1**	**–19.7**
Railroads		6.3	8.3	67.3	4.2		3.0	–0.4		NM	12.5
Trucking and leasing		13.6	9.3	70.3	1.8		11.8	4.2		0.7	–34.1
Other surface		14.8	17.2	59.2	12.1		13.0	26.0		3.9	500.0+
Air transport	**27**	**7.3**	**4.1**	**84.0**	**1.9**	**9**	**10.8**	**19.2**	**18**	**2.8**	**30.5**
Freight		13.6	def	65.5	1.0		10.8	16.2		NM	14.8
Airlines		6.2	7.9	94.8	2.6		10.8	26.2		2.8	46.2
Oil	**28**	**6.8**	**3.3**	**61.0**	**1.2**	**31**	**–5.6**	**–10.4**	**28**	**NM**	**–53.5**
International oils		10.2	5.8	46.1	2.5		–6.1	–5.1		–9.7	–24.2
Other oil and gas		7.5	6.5	76.0	2.2		–4.8	–10.2		NM	–35.4
Oilfield services		def	def	32.2	def		–12.3	–23.5		NM	NM
Heavy equipment	**29**	**5.6**	**6.1**	**38.2**	**2.0**	**30**	**–0.2**	**0.9**	**28**	**NM**	**1.4**
Agricultural		def	def	126.6	def		–9.8	3.4		NM	NM
Building and mining		def	def	67.5	def		–0.2	2.6		NM	NM
Industrial		8.3	8.8	36.2	3.9		0.2	0.9		–15.0	8.5
Coal	**30**	**4.5**	**5.6**	**62.6**	**4.8**	**25**	**4.0**	**–0.2**	**28**	**NM**	**8.5**
Metals	**31**	**def**	**2.9**	**40.0**	**2.2**	**29**	**0.1**	**6.3**	**28**	**NM**	**17.3**
Nonferrous metals		def	7.0	36.5	4.9		–0.1	8.0		NM	350.0
Steel		def	1.6	43.6	1.2		0.3	1.7		NM	–44.1
All-industry medians		**12.8**	**13.6**	**48.6**	**4.3**		**6.8**	**8.3**		**5.3**	**13.9**

def: Deficit. NE: Negative equity. NM: Not meaningful. For further explanation, see page 65.

WHO'S WHERE IN THIS ISSUE

The following summary, organized alphabetically, shows how each of the 1,031 companies stacks up against every other company in the survey regardless of industry. There are three rankings for each corporation: five-year average return on equity, five-year earnings growth and five-year stock market performance. For details on these rankings, see the profitability report (p. 216), growth report (p. 184) and stock market report (p. 196). The last column in the following table lists each company's industry survey page. Within these industry reports each firm is ranked against its peers. A Forbes *survey company can appear in as many as three different industries or subindustries.*

	Rank			
Company	**Profitability**	**Growth**	**Stock market**	**Industry survey page**
Abbott Laboratories	57	182	196	140, 140
Advanced Micro	599	NM	792	101
Aetna Life & Cas	723	585	588	151
HF Ahmanson	587	31	421	82
Air Prods & Chems	663	728	318	89
Airborne Freight	488	115	763	72
Alberto-Culver	742	649	89	114, 176
Albertson's	152	285	269	130
Alcan Aluminium	860	NM	599	162
Alco Health Services	**	**	**	140
Alco Standard	467	630	633	106, 148
Alexander & Alexander	887	NM	811	151
Alexander & Baldwin	326	91	57	180
Alexander's	780	629	48	176
Allegheny Intl	958	NM	920	106, 114
Allegheny Ludlum	**	**	**	162
Allegheny Power	372	500	454	120
Allegis	812	NM	262	72
Allen Group	858	NM	812	77
Allied Bancshares	191	NM	911	82
Allied-Signal	808	NM	527	70, 77, 89
Allis-Chalmers	971	**	926	146
Alltel	446	548	321	182
Alcoa	828	NM	556	162

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **NM:** Not meaningful. **Not ranked. Note: A repeated page number indicates that the company is listed in more than one subindustry.

WHERE TO FIND THE COMPANY

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
AM International	**	NM	218	148
AMAX	946	NM	807	91, 162
Amdahl	744	217	325	101
Amerada Hess	878	NM	744	168
American Bankers	251	366	797	151
American Brands	217	583	344	86, 106
American Building	608	660	804	148
American Continental	22	18	38	82, 126
American Cyanamid	653	569	261	89, 140
American Electric	583	528	538	120
American Express	213	302	503	126
American Family	189	61	24	151
American General	412	295	413	151
American Greetings	246	312	773	99
American Hoist	954	NM	866	114, 146
American Home Prod	30	354	466	140
American Intl Group	300	383	303	151
American Maize	818	NM	668	134
American Medical	428	NM	897	140
American Natl Ins	401	98	434	151
American Petrofina	821	NM	723	168
American President	497	713	537	180
American Standard	661	633	655	108, 108, 180
American Stores	66	207	180	130, 176
American Tel & Tel	749	**	448	182
AmeriFirst Federal	**	**	**	82
Ameritech	384	546	319	182
AmeriTrust	647	420	309	82
Ames Dept Stores	157	228	317	176
Ametek	178	424	531	146
Amfac	913	NM	646	106, 134
Amoco	407	672	415	168
Amoskeag	795	293	648	114
AMP	205	549	339	101
Ampco-Pittsburgh	916	NM	700	146, 162
AMR	520	558	606	72
AmSouth Bancorp	364	294	203	82
Anchor Glass	3	**	**	172
Anchor Savings Bank	**	**	**	82
Anheuser-Busch Cos	154	234	99	86
AON	204	194	396	151
Apple Computer	86	188	186	101
Archer-Daniels	635	577	402	134
Arden Group	541	104	59	130
Aristech Chemical	**	**	**	89
Arkansas Best	677	97	233	180
Arkla	427	668	758	164
Armco	950	NM	873	162
Armstrong World Inds	565	74	221	108
Armtek	788	NM	680	77
Arrow Electronics	929	NM	906	101
Arvin Industries	505	84	378	77, 114
Asarco	934	NM	808	162
Ashland Oil	762	NM	369	168
Guy F Atkinson	673	676	785	108
Atlanta Gas Light	642	323	123	164
Atlantic Energy	543	456	484	120
Atlantic Financial	765	**	832	82
Atlantic Richfield	681	NM	403	168
Automatic Data	228	262	228	148
Avery International	279	275	312	89, 172
Avnet	633	697	822	101
Avon Products	606	NM	761	114

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Bairnco	360	189	541	101, 108
Baker Hughes	940	NM	**	168
Ball Corp	262	278	195	172
Bally Manufacturing	852	NM	862	158, 158
Baltimore G&E	382	325	251	120, 164
Banc One	274	237	474	82
Bank of Boston	359	330	327	82
Bank of New England	296	363	**	82
Bank of New York	312	334	387	82
BankAmerica	885	NM	901	82
Bankers Trust NY	264	314	433	82
CR Bard	193	211	248	140
Barnes Group	756	NM	363	77
Barnett Banks	219	195	149	82
Bausch & Lomb	301	71	482	140
Baxter International†	456	612	737	140
BayBanks	367	329	236	82
Bear Stearns Cos	**	**	**	126
Bearings	755	715	750	146
Becton Dickinson	596	394	205	140
Bell & Howell	546	568	44	148
Bell Atlantic	443	519	282	182
BellSouth	409	541	314	182
Bemis	601	210	49	172
Beneficial Corp	875	NM	478	126
Benj Franklin S&L	**	**	**	82
Bergen Brunswig	271	396	863	140
Berkshire Hathaway	272	44	54	106, 151
Best Products	827	NM	896	176
Bethlehem Steel	953	NM	853	162
Beverly Enterprises	572	332	841	140
Big Bear	47	213	256	130
Bindley Western Inds	155	206	790	140
Black & Decker	892	NM	754	114
H&R Block	95	355	184	126, 148
Blount	350	706	637	108
Boatmen's Bancshares	321	469	328	82
Boeing	342	305	441	70
Boise Cascade	816	155	449	108, 172, 174
Borden	440	352	128	89, 134
Borman's	804	NM	584	130
Boston Edison	510	406	512	120
Bowater	374	662	589	174
Boys Markets	**	**	**	130
Briggs & Stratton	503	535	829	114
Bristol-Myers	82	281	177	114, 140
Brockway Inc (NY)	776	159	37	172
Brooklyn Union Gas	415	616	528	164
Brown-Forman	145	483	598	86
Brown Group	490	648	688	74, 176, 176
Browning-Ferris Inds	102	203	121	148
Bruno's	45	127	115	130
Brunswick	49	205	13	158
Burlington Northern	733	NM	260	164, 180
Business Men's Assur	702	NM	211	151
Businessland	945	**	840	176
Butler Manufacturing	847	NM	703	108
Cabot	735	NM	507	89, 168
Caesars World	743	NM	238	158
CalFed	496	7	672	82
California First Bk	727	434	283	82
CalMat	761	38	176	108
Cameron Iron Works	880	NM	864	168

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **NM:** Not meaningful. **Not ranked. †New name for Baxter Travenol. Note: A repeated page number indicates that the company is listed in more than one subindustry.

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Campbell Soup	347	328	204	134
Capital Cities/ABC	163	268	148	99, 99
Capital Holding	327	150	462	151
Cardinal Distribution	92	191	788	130, 140
Carlisle Cos	352	658	814	101, 108
Carolina Freight	173	177	523	180
Carolina Power & Lt	466	461	475	120
Carpenter Technology	NM	712	755	162
Carson Pirie Scott	675	445	63	176
Carter Hawley Hale	**	NM	**	176
Carteret Bancorp	567	**	384	82
Castle & Cooke	**	**	**	134
Caterpillar	906	NM	564	146
CBI Industries	757	NM	878	89, 108
CBS	188	578	110	99, 158
Centel	334	567	535	182
Centerior Energy	366	492	**	120
Centerre Bancorp	719	605	432	82
Centex	509	82	777	108, 108
Central & South West	319	397	392	120
Central Hudson G&E	365	501	765	120
Central Ill Pub Svc	511	563	587	120
Central Maine Power	672	720	767	120
Central Steel & Wire	706	642	271	162
CenTrust Savings Bank	2	**	**	82
CertainTeed	728	145	562	108
Champion Intl	833	NM	625	108, 174
Champion Spark Plug	823	NM	747	77
Charming Shoppes	43	96	82	176
Charter	962	NM	909	168
Charter Medical	34	99	400	140
Chase Manhattan	580	466	683	82
Chemical New York	383	433	719	82
Chesapeake	745	624	419	172, 174
Chevron	683	693	624	168
Chicago Pacific	144	561	103	114
Child World	**	**	**	176
Chrysler	5	8	111	77
Chubb	605	475	133	151
Church's Fried	483	698	885	130
Cigna	817	NM	662	126, 151
CILCorp	476	525	429	120, 164
Cincinnati Bell	485	309	120	182
Cincinnati Financial	253	242	270	151
Cincinnati G&E	399	441	593	120, 164
Cincinnati Milacron	879	NM	858	146
Circle K	356	120	307	130
Circuit City Stores	40	21	1	176
Citicorp	353	351	657	82
Citizens & Southern	266	248	254	82
CityFed Financial	139	266	895	82
Clark Equipment	936	NM	786	77, 146
Clorox	149	200	266	114
CMS Energy	849	NM	843	120, 164
CNA Financial	459	75	78	151
CNW	829	NM	665	180
Coachmen Industries	224	505	850	77
Coast S&L Assoc	**	**	**	82
Coastal Corp	419	609	73	164, 168
Coca-Cola	78	284	231	86
Coca-Cola Enterprises	**	267	**	86
Coleco Industries	4	NM	907	158
Coleman	670	656	716	108, 158

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Colgate-Palmolive	525	659	304	114
Collins Foods Intl	261	488	342	130
Colt Industries	210	315	163	70, 77, 146
Columbia Gas System	766	NM	595	164
Columbia S&L Assoc	8	92	58	82
Combustion Eng	794	NM	793	146
Comdisco	36	102	487	148
Comerica	616	379	189	82
Commerce Bcshs	535	152	364	82
Commerce Clearing	18	301	366	99, 148
Commercial Credit	834	NM	**	126
Commercial Metals	718	529	376	126, 162
Commonwealth Edison	357	416	667	120
Commonwealth Energy	268	236	463	120, 164
Compaq Computer	121	5	32	101
Computer Sciences	451	344	169	70, 148
Computervision	811	NM	912	101
ConAgra	135	232	147	134
Consolidated Edison	413	463	273	120
Consol Freightways	489	601	436	180
Consol Natural Gas	414	503	84	164
Consolidated Papers	216	186	72	174
Consolidated Rail	975	51	**	180
Constar Intl	729	584	821	172, 180
Contel	351	439	422	182
Continental Corp	662	576	574	151
Continental Illinois	930	NM	886	82
Control Data	922	NM	860	101
Cooper Industries	704	661	423	116, 146
Cooper Tire & Rubber	304	587	543	77
Adolph Coors	760	560	550	86
Copperweld	931	NM	890	162
CoreStates Financial	156	137	208	82
Corning Glass Works	694	410	553	101, 114, 140
Costco Wholesale	**	**	**	176
CPC International	457	634	335	134, 134
Craig	809	NM	285	130
Crane	843	NM	296	108
Cray Research	60	40	61	101
Crestar Financial	254	287	368	82
CrossLand Savings FSB	**	**	**	82
Crown Central Pet	896	NM	709	168
Crown Cork & Seal	602	231	76	172
CSX	754	NM	500	164, 180
Culbro	666	617	257	86, 130
Cullum Cos	252	457	377	130
Cummins Engine	778	NM	722	77
Curtice-Burns Foods	229	425	286	134
Cyprus Minerals	**	**	**	91, 162
Dana	643	414	496	77
Data General	789	718	684	101
Datapoint	910	NM	**	101
Dayton-Hudson	267	279	699	176
Dean Foods	79	221	213	134
Deere	883	NM	712	146
DeKalb	861	NM	603	134, 168
Delchamps	233	547	550	130
Delmarva Power & Lt	381	362	424	120
Delta Air Lines	722	NM	801	72
Deluxe Check	39	160	162	99
Dennison Mfg	591	674	481	148, 174
DeSoto	665	653	735	39
Detroit Edison	523	459	697	120

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	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Dexter	397	534	470	89
Di Giorgio	803	NM	486	130
Diamond Shamrock R&H	**	**	**	168
Dibrell Brothers	129	124	272	86
Digital Equipment	620	476	151	101
Dillard Dept Stores	125	89	29	176
Dime Savings Bank	**	**	**	82
Walt Disney	664	343	62	158
Diversified Energies	600	NM	198	164
Dollar General	200	623	799	176
Dominion Bankshares	452	245	249	82
Dominion Resources	570	400	305	120
RR Donnelley & Sons	236	241	310	99
Dover	220	589	353	106, 108
Dow Chemical	731	671	90	89
Dow Jones	41	172	505	99
DPL	545	650	577	120, 164
Dravo	915	NM	748	108
Dresser Industries	871	NM	673	146, 168
EI du Pont de Nemours	652	523	219	89, 168
Duke Power	462	484	329	120
Dun & Bradstreet	27	187	263	99, 99
Duquesne Light	561	590	794	120
Durr-Fillauer	494	342	835	140, 140
DWG	725	NM	74	74, 106
DynCorp	615	692	428	70, 108
E-Systems	133	223	698	70
E-II Holdings	**	**	**	114
Eagle-Picher Inds	864	NM	450	77, 146
Eastern Gas & Fuel	820	NM	708	91, 164
Eastman Kodak	690	714	619	158
Eaton	688	373	278	77, 101
Echlin	333	121	571	77
Ecolab	518	NM	467	148
Edgcomb	**	NM	**	162
Edison Bros Stores	393	628	**	176, 176
AG Edwards	127	361	784	126
EG&G	54	384	644	70, 101
Emerson Electric	165	451	549	114, 116
Emerson Radio	33	6	706	114
Emery Air Freight	388	NM	908	72
Emhart	517	NM	379	106, 108
Empire of America	**	NM	**	82
Engelhard	536	667	781	89, 162
Enron	648	729	567	164
Enserch	807	NM	752	108, 164
Entex	674	NM	739	82, 164
Equifax	109	368	171	126
Equitable of Iowa	712	214	479	151, 176
Equitable Resources	169	423	127	164, 168
Esselte Business Sys	551	83	**	148
Ethyl	329	167	18	89, 151
Exxon	249	489	126	168
Fairchild Industries	943	NM	852	70
Family Dollar Stores	53	88	677	176
Farm Fresh	146	427	833	130
Farm House Foods	790	723	826	130
Farmers Group	259	300	201	151
Federal Express	170	398	576	72
Federal-Mogul	582	710	697	77
Fedl Natl Mortgage	865	NM	647	126
Federal Paper Board	617	654	243	172, 174
Federated Dept Strs	537	517	520	176

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Ferro	720	591	502	89
Fidelcor	239	316	131	82
Fieldcrest Cannon	759	470	681	114
Figgie Intl	422	421	118	70, 106
Finl Corp of Amer	89	NM	932	82
Fireman's Fund	850	**	**	151
Firestone	841	NM	359	77
First American	396	311	235	82
First Bank System	439	233	224	82
First Boston	68	264	570	126
First Chicago	691	565	634	82
First City Bancorp	907	NM	937	82
First Executive	29	399	635	151
First Federal Mich	77	37	654	82
First Fidelity Bncp	324	462	322	82
First Interstate Bncp	526	482	620	82
First Kentucky Natl	273	240	139	82
First Maryland Bncp	589	552	193	82
First of America Bank	286	130	85	82
First Pennsylvania	912	**	385	82
First RepublicBank	547	695	915	82
First Security	737	724	694	82
First Tennessee Natl	370	271	291	82
First Union	100	116	298	82
First Wachovia	196	171	**	82
First Wisconsin	564	422	136	82
Fischbach	805	NM	924	108
Fisher Foods	900	NM	791	130
Fleet Financial	180	249	152	82
Fleetwood Enterprises	93	15	771	77, 108
Fleming Cos	332	522	660	130
Florida Federal S&L	920	**	900	82
Florida Natl Banks	322	106	509	82
Florida Progress	405	341	347	120
Flowers Industries	158	274	145	134
Fluor	921	NM	848	108
FMC	465	296	10	70, 89
Food Lion	52	111	12	130
Foodarama Supermkts	799	143	112	130
Foodmaker	**	**	**	130
Ford Motor	106	199	27	77
Foremost Corp of Amer	594	652	579	151
Fort Howard	192	385	431	172, 174
LB Foster	942	NM	893	146
Foster Wheeler	655	701	736	108, 146
Foxboro	868	NM	867	146
FPL Group	480	435	411	120, 151
Freeport-McMoRan	632	705	611	89, 168
Fruit of the Loom	**	**	**	74
HB Fuller	449	412	166	89
Fuqua Industries	69	374	64	106, 114, 158
GAF	463	NM	9	89, 108
Gannett	132	339	418	99
Gap	72	107	22	176
GATX	898	NM	524	106, 180
Gearhart Industries	964	NM	931	168
Geico	31	79	210	151
Gelco	840	NM	445	180
GenCorp	777	307	165	70
General Cinema	25	110	245	86, 158
General Dynamics	148	NM	544	70
General Electric	185	389	333	70, 114, 116
General Host	147	606	469	176

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Rank				
Company	Profitability	Growth	Stock market	Industry survey page
General Instrument	882	NM	887	101, 101, 101
General Mills	**	431	348	130, 134
General Motors	400	32	730	77
General Motors EDS	21	46	438	148
GM Hughes Electronics	**	**	**	70, 77
General Public Utils	767	28	60	120
General Re	484	614	395	151
General Refractories	862	**	19	146
General Signal	667	688	770	101, 116, 146
Genesco	889	NM	823	74, 74, 176
Genuine Parts	230	481	405	77
Georgia Gulf	**	**	**	89
Georgia-Pacific	775	156	622	108, 174
Gerber Products	455	631	293	134
Getty Petroleum	477	NM	75	168
Giant Food	87	158	55	130
Gibraltar Financial	528	222	899	82
Gillette	317	719	140	114
GlenFed	**	64	146	82
Godfrey	507	95	14	130
Golden West Finl	38	66	188	82
Goldome	**	**	**	82
BF Goodrich	918	NM	702	77, 89
Goodyear	686	682	565	77
Gordon Jewelry	730	696	717	176
Gould	904	NM	905	101, 101
WR Grace	855	NM	664	89
WW Grainger	369	356	330	116
Gt Am First Savings	513	53	346	82
Great American Mgmt	815	NM	308	89
Great A&P Tea	676	78	30	130
Gt Northern Nekoosa	698	657	96	174
Gt Western Financial	657	29	610	82, 151
Greyhound	604	479	542	77, 114
Grossman's	966	NM	837	176
Grow Group	573	428	700	89, 114
Grumman	308	90	742	70
GTE	579	NM	608	182
Guilford Mills	335	592	239	74
Gulf & Western	739	NM	39	99, 126, 158
Gulf States Utils	506	635	898	120
Halliburton	842	NM	828	108, 168
Handy & Harman	814	NM	809	77, 162
Hannaford Bros	179	263	52	130
Hanover Insurance	593	556	81	151
Harcourt Brace	339	59	**	99, 151
Harnischfeger Inds	941	NM	156	146, 146
Harris Corp	678	683	844	70, 101
Harsco	658	551	290	70, 108 146
Hartford National	258	493	407	82
Hartmarx	539	581	596	74, 176
Hasbro	32	20	11	158
Hawaiian Electric	644	337	360	120
Hechinger	190	128	552	176
HJ Heinz	117	292	119	134
Henley Group	**	**	**	89, 108, 140
Hercules	592	464	430	70, 89
Hershey Foods	218	411	130	134
Hewlett-Packard	256	349	563	101
Highland Superstores	6	24	**	176
Hillenbrand Inds	243	358	181	114, 140
Hills Dept Stores	**	**	**	176
Hilton Hotels	283	571	459	158

Rank				
Company	Profitability	Growth	Stock market	Industry survey page
Himont	141	**	**	89
Holiday	495	335	872	158
Holly Corp	70	35	185	168
Holly Farms	390	202	292	134, 134
Home Depot	19	105	265	176
Home Federal S&L	569	70	409	82
Home Group	**	**	**	151
Home Shopping	**	**	**	176
Homestead Financial	28	14	350	82
HON Industries	214	235	504	148
Honeywell	782	NM	591	70, 101, 148
George A Hormel	578	401	129	134
Hospital Corp	348	446	824	140
Household Intl	493	209	358	106, 126
Houston Industries	471	319	513	120
Hubbell	255	371	354	116
Humana	62	632	810	140
Huntington Bshs	423	377	199	82
EF Hutton Group	689	NM	851	126
IBP	**	**	**	134
IC Industries	819	NM	71	70, 106, 134
ICH	23	42	345	151
Ideal Basic Inds	960	NM	929	108
Illinois Power	328	455	701	120, 164
Illinois Tool Works	391	458	79	146
Imperial Corp of Am	903	**	825	82
Inco	935	**	581	162
Ingersoll-Rand	839	NM	324	146
Ingles Markets	371	151	**	130
Inland Steel Inds	927	NM	757	162
Insilco	654	555	743	106, 108
Inspiration Resources	951	**	869	89, 162
Integrated Resources	610	NM	769	126, 151
Intel	798	NM	372	101
Interco	710	622	689	74, 114, 176
Intergraph	46	30	435	101
Interlake	738	286	258	146
Intermark	481	NM	190	176
IBM	81	387	638	101
Intl Flavors & Frags	162	508	489	89
Intl Minerals & Chem	822	NM	682	89
Intl Multifoods	434	593	605	130, 134
International Paper	800	681	501	172, 174
Interpublic Group	197	197	183	99
Interstate Bakeries	914	NM	100	134
Iowa-Illinois G&E	337	559	452	120, 164
Iowa Resources	460	554	533	120
Ipalco Enterprises	318	259	398	120
Irving Bank	532	465	192	82
ITT	717	687	494	106, 151
IU International	870	NM	796	148, 180
James River Corp Va	176	192	602	172, 174
Jamesway	361	288	515	176
Jefferson-Pilot	571	303	226	151
Jefferson Smurfit	108	183	56	172, 174
Jerrico	448	534	746	130
Jim Walter	669	17	87	106, 108
Johnson & Johnson	263	625	471	114, 140, 140
Johnson Controls	416	438	498	77, 148
Earle M Jorgensen	846	NM	779	162
Jostens	131	395	252	99, 176
K mart	478	290	320	176
KaiserTech	926	NM	854	162

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Rank

Company	Profitability	Growth	Stock market	Industry survey page
Kaman	309	168	182	70, 146
Kansas City P&L	354	557	547	120
Kansas City Southern	696	NM	751	180
Kansas Gas & Elec	566	691	696	120
Kansas Power & Light	298	390	302	120, 164
Kaufman & Broad	771	69	279	108, 151
Kay	424	34	**	126
Kellogg	24	256	40	134
Kellwood	398	23	158	74
Kelly Services	73	132	33	148
Kemper	555	536	357	151
Kentucky Utilities	537	509	399	120
Kerr Glass Mfg	925	NM	817	172
Kerr-McGee	844	NM	678	168
KeyCorp	315	169	83	82
Kimball International	285	239	53	114
Kimberly-Clark	402	449	116	114, 174
KN Energy	660	716	**	164
Knight-Ridder	311	350	458	99
Koppers	893	NM	295	89, 108
Kraft	234	142	264	134
Kroger	544	704	607	130
Laclede Gas	291	163	247	164
Lafarge	888	NM	759	108
Laidlaw Industries	114	112	125	148
Leggett & Platt	164	185	138	114
Leslie Fay Cos	**	**	**	74
Life Investors	638	141	394	151
Eli Lilly	96	347	179	140
Limited	13	25	16	176
Lincoln National	598	224	337	151
Liquid Air	679	608	679	89
Litton Industries	376	690	483	70
Liz Claiborne	11	27	8	74
Lockheed	9	230	465	70
Loews	105	119	50	86, 151
Lone Star Industries	752	NM	842	108
Long Island Lighting	445	575	892	120
Longs Drug Stores	320	490	410	176
Longview Fibre	685	63	274	172, 174
Loral	232	208	529	70
Lorimar-Telepictures	709	NM	**	158
Louisiana Land	753	NM	707	168
Louisiana-Pacific	832	147	685	108
Louisville G&E	529	447	473	120, 164
Lowe's Cos	241	126	760	176
LTV	969	NM	916	70, 162
Lubrizol	521	603	546	89
Lucky Stores	143	291	557	130
Lukens	884	NM	69	162
M/A-Com	713	694	902	70, 182
Mack Trucks	911	NM	856	77
Macmillan	194	56	43	99
Manhattan Industries	859	NM	845	74
Manor Care	65	85	326	140
Manufacturers Hanover	530	550	839	82
Manufacturers Natl	531	47	114	82
Manville	886	NM	910	108
Mapco	432	468	381	168
Marine Midland Banks	645	353	28	82
Marion Laboratories	116	41	6	140
Marriott	120	179	159	130, 158
Marsh & McLennan Cos	44	336	160	151

Rank

Company	Profitability	Growth	Stock market	Industry survey page
Marsh Supermarkets	640	515	642	130
Marshall & Ilsley	344	299	212	82
Martin Marietta	340	NM	289	70
Masco	231	257	401	108
Masco Industries	**	**	20	77, 146
Mattel	947	NM	891	158
Maxicare Health	76	225	782	140
Maxus Energy	**	**	**	168
May Dept Stores	379	265	338	176, 176
Mayfair Super Markets	15	33	3	130
Maytag	80	122	237	114
MCA	538	521	493	158
McCormick & Co	294	566	614	134
McDermott Intl	863	NM	802	146, 168
McDonald's	111	251	174	130
McDonnell Douglas	491	327	559	70
McGraw-Hill	122	375	534	99
MCI Communications	375	NM	880	182
McKesson	560	597	577	140
MCorp	614	NM	930	82
MDC Holdings	50	103	875	108
Mead	796	619	92	172, 174
Media General	516	663	101	99, 99, 174
Mellon Bank	581	586	783	82
Melville	98	326	497	176, 176
Mercantile Bancorp	492	544	560	82
Mercantile Stores	277	269	299	176
Merck	126	308	42	140
Meredith	211	260	371	99, 99
Meridian Bancorp	373	306	382	82
Meritor Financial	837	NM	888	82
Merrill Lynch	406	580	830	126
Fred Meyer	99	80	**	130, 176
Michigan National	797	NM	143	82
Middle South Utils	534	621	874	120
Midlantic Banks	212	369	175	82
Midwest Energy	588	510	522	120, 164
Herman Miller	107	131	288	148
Minn Mining & Mfg	206	532	412	106
Minstar	63	11	5	158, 180
Mitchell Energy	641	727	870	164, 168
MNC Financial	469	391	124	82
Mobil	699	673	540	168, 176
Mohasco	801	388	275	114
Monarch Capital	472	114	388	151
Monsanto	726	NM	336	89
Montana Power	519	645	641	91, 120, 164
Moore Corp	454	553	594	148
Moore McCormack	909	NM	780	108
JP Morgan & Co	276	193	281	82
Morgan Stanley	**	**	**	126
Morrison	420	611	555	130, 130
Morrison-Knudsen	584	596	572	108
Morton Thiokol	75	258	225	70, 89
Motorola	619	670	530	101, 182
Munford	557	703	480	130
Murphy Oil	769	NM	695	168
Nacco Industries	118	10	167	91, 146
Nalco Chemical	175	604	705	89
Nash Finch	533	516	97	130, 130
Nashua	806	93	15	148
National City	378	162	107	82
Natl Convenience	195	699	729	130

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **NM:** Not meaningful. **Not ranked. Note: A repeated page number indicates that the company is listed in more than one subindustry.

Rank				
Company	Profitability	Growth	Stock market	Industry survey page
National Distillers	773	665	222	89, 168
National Fuel Gas	458	415	150	164
National Intergroup	938	NM	849	140, 168
National Medical	288	437	776	140
Natl Semiconductor	899	NM	426	101, 101
National Service	227	386	280	116, 148
National-Standard	881	NM	820	162
Navistar Intl	968	**	724	77
NBD Bancorp	556	219	117	82
NCNB	282	270	297	82
NCR	410	289	102	101
Neiman-Marcus Group	**	**	**	176
New England Electric	242	364	519	120
NY State E&G	389	498	659	120
New York Times	110	144	104	99
Newmont Mining	854	NM	663	162
Niagara Mohawk Power	392	545	778	120, 164
Nicor	891	NM	772	164
NIKE	56	644	827	74, 74
NL Industries	937	NM	907	89, 168
Nordstrom	208	174	66	176
Norfolk Southern	630	595	616	180
Norstar Bancorp	345	444	315	82
Nortek	553	436	721	108
Northeast Utilities	248	212	391	120
No Indiana Pub Svc	784	NM	838	120, 164
No States Power	303	382	284	120, 164
Northern Trust	714	527	168	82
Northrop	295	76	661	70
No'western Natl Life	721	146	394	151
Northwestern Steel	933	NM	787	162
Norton	895	NM	636	146
Norwest	703	626	554	82
Nucor	437	252	451	162
NWA	779	19	803	72
Nynex	470	467	255	182
Occidental Petroleum	785	709	617	164, 168
Ogden	524	NM	367	148
Ogilvy Group	159	298	455	99
Ohio Casualty	624	570	373	151
Ohio Edison	426	491	551	120
Oklahoma G&E	436	539	490	120
Old Republic Intl	314	442	548	151
Olin	835	NM	504	89
Omnicom Group	740	NM	**	99
Oneok	586	678	740	164
Orange & Rockland	468	518	464	120, 164
Orion Capital	917	NM	762	151
Outboard Marine	680	685	630	158
Owens-Corning	693	637	**	108
Oxford Industries	280	636	715	74
Paccar	668	543	612	77
PACE Membership	949	**	**	176
Pacific G&E	387	426	621	120, 164
Pacific Lighting	636	702	386	164, 176
Pacific Resources	684	NM	691	168
Pacific Telesis	461	247	316	182
PacifiCorp	346	531	472	91, 120, 182
PaineWebber Group	186	520	881	126
Pan Am	959	**	705	72
Panhandle Eastern	872	NM	**	164
Parker-Hannifin	527	460	306	70, 146
Pay'n Save	**	**	**	176

Rank				
Company	Profitability	Growth	Stock market	Industry survey page
Payless Cashways	257	378	868	176
Penn Central	764	NM	439	106, 182
JC Penney	552	533	340	176
Pennsylvania P&L	576	620	444	120
Pennwalt	786	NM	586	89
Pennzoil	618	708	323	168
Pentair	287	407	355	146, 174
Peoples Energy	306	359	425	164
Pep Boys	199	218	47	176
PepsiCo	177	244	134	86, 130, 134
Perini	836	NM	798	108
Perkin-Elmer	559	574	800	70, 101
Perry Drug Stores	548	432	727	176
Petrie Stores	201	360	440	176
Pfizer	137	154	518	140
Phelps Dodge	924	NM	583	162
PHH Group	187	418	816	148
Philadelphia Elec	464	540	676	120
Philip Morris Cos	64	190	106	86, 134
Philips Industries	101	113	207	108
Phillips Petroleum	609	675	720	168
Phillips-Van Heusen	577	176	206	74, 176
Pillsbury	269	338	173	130, 134
Pinnacle West	442	588	674	120
Pioneer Hi-Bred Intl	160	443	623	134
Pitney Bowes	184	161	105	101
Pittston	905	NM	834	72, 91
Pittway	508	607	613	99, 114, 172
PNC Financial	221	238	416	82
Polaroid	802	134	406	158
Portland General	403	638	517	120
Potlatch	748	215	578	108, 174
Potomac Electric	310	243	170	120
PPG Industries	411	229	161	77, 108
Premark Intl	**	**	**	114
Premier Bancorp	639	NM	774	82
Price Co	12	22	220	176
Primark	623	100	234	164
Prime Computer	183	472	861	101
Primerica	772	109	393	151, 176
Procter & Gamble	270	613	539	114, 114
Progressive	61	50	36	151
Provident Life & Acc	417	184	618	151
PS Group	869	NM	815	168
Public Service Colo	558	594	658	120, 164
Public Service Ind	172	711	882	120
Public Service NH	774	NM	918	120
Public Service NM	514	639	789	120, 164
Pub Svc Enterprise	502	419	457	120, 164
Pueblo International	707	149	287	130
Puget Sound P&L	611	666	626	120
Pullman	967	**	389	77, 106
Pulte Home	84	413	903	108
Quaker Oats	235	216	35	134
Quaker State Oil	500	480	733	168
Questar	377	430	365	164
Ralston Purina	71	72	46	134, 134
Ramada	877	67	669	158
Raychem	568	600	417	116
Raytheon	225	486	511	70, 106
Reebok International	1	1	**	74
Reliance Group	123	16	**	151
Republic New York	278	487	442	82

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WHERE TO FIND THE COMPANY

Rank				
Company	Profitability	Growth	Stock market	Industry survey page
Resorts Intl	890	NM	675	158
Reynolds & Reynolds	289	86	693	101, 148
Reynolds Metals	901	NM	68	162
Riggs National	575	408	429	82
Rite Aid	104	317	259	176
RJR Nabisco	138	405	191	86, 134
RLC	697	598	704	180
Roadway Services	284	579	726	180
HH Robertson	902	NM	879	108
AH Robins	955	NM	768	140
Rochester G&E	394	496	741	120, 164
Rockwell Intl	150	175	380	70
Rohm & Haas	362	255	217	89
Rohr Industries	136	81	178	70
Rollins	51	204	456	148
Roper Corp	634	NM	95	114
Rorer Group	74	196	516	140
Rose's Stores	260	153	80	176
Ross Stores	848	NM	**	176
Rubbermaid	140	165	108	114
Ruddick	475	485	334	130
Ryder System	250	282	506	180
Rykoff-Sexton	562	538	341	130
Ryland Group	119	36	652	108
Safeco	435	157	236	151
St Paul Cos	746	NM	468	151
Salomon	168	393	831	126
San Diego G&E	265	452	349	120
Santa Fe Southern	747	NM	332	180
Sara Lee	166	324	86	134
Savannah Foods	91	686	240	134
Savin	965	**	934	148
Scana	444	473	397	120, 164
Schering-Plough	433	495	214	114, 140
Schlumberger	692	NM	836	168
SCI Systems	222	87	656	101
Scott Paper	627	198	77	114, 174
Scotty's	542	599	857	176
Seagate Technology	7	135	645	101
Seagram	612	380	223	86
Sealed Power	438	514	651	77
Sears, Roebuck	550	313	640	151, 176
Seaway Food Town	715	689	301	130
Security Pacific	316	345	361	82
Sequa	142	58	144	89, 101
Service Merchandise	682	NM	914	176
Shaklee	151	526	795	114
Shaw Industries	171	48	109	114
Shawmut	479	367	447	82
Shearson Lehman Bros	85	138	**	126
Sherwin-Williams	244	133	216	176
Shoney's	94	178	460	130
Signet Banking	292	118	241	82
Singer	512	4	153	70
Skyline	763	340	877	77, 108
AO Smith	845	NM	300	77
Smith International	956	NM	913	168
Smithfield Foods	453	54	17	134
SmithKline Beckman	67	502	580	140, 140
Snap-on Tools	174	297	200	77
Society	501	254	141	82
Sonat	787	NM	731	164
Sonoco Products	290	333	155	172

Rank				
Company	Profitability	Growth	Stock market	Industry survey page
Soo Line	876	NM	883	180
Southeast Banking	499	450	453	82
Sc Calif Edison	313	454	370	120
Southern Company	331	310	566	120
So New England Tel	498	513	446	182
Southland	341	370	246	130
Southmark	83	49	615	126
Southwest Airlines	408	512	855	72
Southwest Gas	431	280	311	164
Southwestern Bell	473	507	351	182
Southwestern Pub Svc	153	402	536	120
Sovran Financial	238	253	575	82
Spiegel	336	43	**	176
Springs Industries	736	684	558	74, 114
Square D	323	573	590	116
Squibb	198	117	93	140
SSMC	**	**	**	114
Staley Continental	813	726	710	130, 134
Stanadyne	430	478	390	108, 146
Std Commercial Tob	486	610	374	86
Standard Fedl Bank	**	**	**	82
Standard Register	203	201	70	148
Standard Shares	515	504	476	99, 114, 172
Stanley Works	429	320	532	114, 146
State Street Boston	124	220	94	82
Sterling Drug	358	537	227	114, 140
JP Stevens	831	NM	609	74, 114
Stewart & Stevenson	908	NM	561	146
Stewart-Warner	867	NM	601	146
Stone Container	781	NM	88	172, 174
Stop & Shop Cos	275	618	485	130, 176
Storage Technology	973	NM	935	101
Strawbridge	441	173	91	176
Student Loan	20	60	122	126
Subaru of America	16	108	813	77
Sun Company	687	679	461	168
Sun Microsystems	10	3	**	101
Sundstrand	603	669	764	70, 146
SunTrust Banks	223	277	**	82
Super Food Services	349	73	65	130
Super Rite Foods	88	404	876	130, 130
Super Valu Stores	112	409	514	130
Sysco	209	283	604	130
Talley Industries	792	140	187	70, 114
Talman Home Federal	**	**	**	82
Tambrands	48	322	313	114
Tandem Computers	574	304	375	101
Tandy	59	511	847	101, 176
TCF Banking & Savings	**	**	**	82
TECO Energy	447	471	244	120
Tecumseh Products	482	564	526	146
Tektronix	628	664	756	101
Tele-Communications	711	101	26	99
Teledyne	134	166	276	70, 106, 151
Telex	35	55	250	101
Temple-Inland	613	250	443	108, 172
Tenneco	741	NM	600	106, 164, 168
Tesoro Petroleum	932	NM	846	168
Texaco	758	700	734	168
Texas Air	970	**	686	72
Texas American Bcsh	838	NM	919	82
Texas Eastern	724	731	806	164
Texas Industries	671	651	725	108, 162

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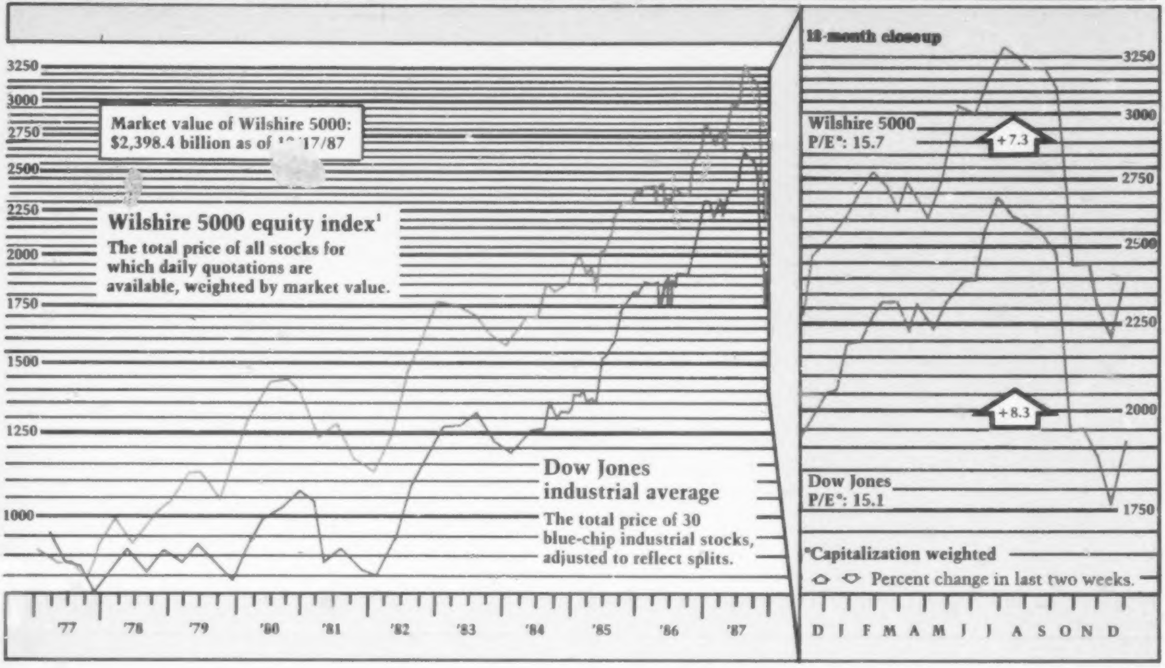
	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Texas Instruments	824	NM	749	70, 101
Texas Utilities	343	499	632	120
Textron	626	226	362	70, 106
Thorn Apple Valley	857	NM	819	134
TIE/Communications	810	NM	928	182
Tiger International	974	**	653	72
Time Inc	130	65	352	99, 99
Times Mirror	90	139	253	99
Timken	894	NM	692	146, 162
Todd Shipyards	856	NM	933	70, 146
Torchmark	299	125	41	151
Toro	793	**	429	114
Tosco	**	NM	927	168
Toys "R" Us	97	136	202	176
Tracor	421	640	404	70
Trans World Airlines	952	**	495	72
Transamerica	659	627	568	151
Transco Energy	607	NM	775	164
Travelers	651	524	510	151
Triangle Industries	338	NM	7	172
Tribune	385	77	215	99
Trinity Industries	853	NM	521	108, 180
Trinova	563	12	164	146
TRW	522	NM	627	70, 77
Turner	128	582	643	108
Turner Broadcasting	**	NM	687	99, 158
TW Services	597	9	**	130, 130
Tyco Laboratories	202	346	21	108
Tyler	650	647	690	89, 101, 108
Tyson Foods	55	13	2	134
UGI	851	NM	628	89, 164
UNC	939	NM	488	70
Union Camp	625	646	427	172, 174
Union Carbide	750	NM	629	89
Union Electric	328	381	408	120
Union Pacific	791	NM	670	168, 180
Union Texas Petrol	590	NM	**	168
Unisys	770	NM	229	101
United Artists	293	331	4	99, 158
United Banks of Colo	629	615	739	82
United Brands	830	542	23	134, 134
United Financial	897	**	923	82
United Illuminating	245	477	718	120
United Jersey Banks	380	227	132	82
United Merchants	944	**	865	74, 74
US Bancorp	554	497	331	82
US Healthcare	17	2	569	140
US Home	919	NM	921	108
US Shoe	386	680	650	74, 176
United Stationers	115	170	499	148
United Technologies	631	725	671	70, 108
United Telecom	649	721	649	182
Univar	549	722	**	89
Universal Foods	395	602	437	134
Universal Leaf	207	372	230	86, 126
Unocal	540	707	714	168
UNUM Corp	**	**	**	151
Upjohn	302	392	45	140
US West	474	562	356	182
USAir Group	425	530	745	72
USF&G	734	NM	545	151
USG	215	62	232	108, 108
Uslico	355	453	525	151

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
USLife	716	NM	592	151
UST Inc	42	180	34	86
USX	928	NM	582	162, 168
Utah Power & Light	622	655	585	120
UtiliCorp United	226	348	277	120, 164
Valero Energy	866	NM	917	164, 168
Valley National	504	429	414	82
Varian Associates	700	NM	859	101
Varity Corp	**	**	805	77, 146
VF	37	164	142	74
Viacom	**	**	**	99
Vista Chemical	**	**	**	89
Vons Cos	**	**	**	130
Vulcan Materials	404	448	209	89, 108
Wal-Mart Stores	26	68	31	176
Walgreen	103	181	242	176
Wang Laboratories	418	717	904	101
Warner Commun	826	NM	477	158
Warner-Lambert	585	NM	172	140
Washington Gas Light	487	403	383	164
Washington National	751	572	713	151
Washington Post	58	94	67	99
Waste Management	113	123	154	148
Del E Webb	695	26	711	108
Weis Markets	181	321	113	130
Wells Fargo	450	273	98	82
Wendy's Intl	297	NM	753	130
West Point-Pepperell	646	641	639	74, 74, 114
Western Auto Supply	**	**	**	176
Western Co No Amer	957	NM	925	168
Western S&L	14	52	51	82
Western Union	963	NM	936	182
Westinghouse	305	318	194	70, 116
Westmoreland Coal	873	NM	666	91
Westvaco	637	494	157	174
Wetterau	330	39	267	130
Weyerhaeuser	783	474	728	108, 174
Wheeling-Pittsburgh	961	NM	889	162
Whirlpool	237	376	631	114
Whittaker	705	NM	738	89, 146
Wickes Cos	972	730	894	176
Wicor	595	365	492	164
Willamette Inds	656	45	491	108, 174
Williams Cos	874	NM	573	164
Wilson Foods	948	NM	766	134
Winn-Dixie Stores	182	506	508	130
Wisconsin Energy	325	357	294	120
Wisconsin P&L	307	440	343	120
Wisconsin Public Svc	363	417	362	120, 164
Witco	368	276	197	89, 168
FW Woolworth	768	148	135	176, 176
Worthington Inds	161	261	268	162
Wm Wrigley Jr	247	246	25	134
Wyman-Gordon	708	NM	884	70
Xerox	701	677	[illegible]	148, 151
Xidex	167	272	871	148
Yellow Freight Sys	281	57	137	180
York International	**	**	**	108
Zapata	923	NM	922	134, 168
Zayre	240	129	420	176, 176
Zenith Electronics	825	NM	NM	101, 114
Zurn Industries	621	643	597	146

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **NM:** Not meaningful. **Not ranked. Note: A repeated page number indicates that the company is listed in more than one subindustry.

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Bull rally or bear trap? The Dow in early December came close to but never fell below its Oct. 19 low. For the rest of the market it was a different story. The Wilshire index of 5,800 securities hit a new low for the year on Dec. 4. Since that point the market has been on a rebound. In the last two weeks stock prices recovered sharply in a broad-based advance. Unlike the wild gyrations that followed October's explosive crash, trading volume was at near-normal levels. The Wilshire index rose 7.3%, while the Wilshire stocks rose a total $121 billion in paper value.

Are Wall Street's problems over? Probably not. The Wilshire P/E, based on latest-12-month earnings, is back up to 15.7. While there are scores of stocks that have been driven down 50% or more, the overall market is still not particularly cheap. If earnings fall in 1988, then stocks will, too, unless investors are happy with a yet higher P/E.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.4	0.7	1.5	1.0	3.9	1.8
in last 52 weeks	−4.1	−3.4	0.6	−3.6	−4.3	−9.1

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	2.3	−3.6	−4.0	−1.5	3.4	−1.7	−2.9	0.4	−1.2	−0.3	1.9	−3.5
in last 52 weeks	−2.4	7.3	14.0	2.3	−6.7	−10.0	−8.3	21.1	18.2	−4.2	−2.2	3.9

[1] Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2] Based on sales. [3] A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [4] A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

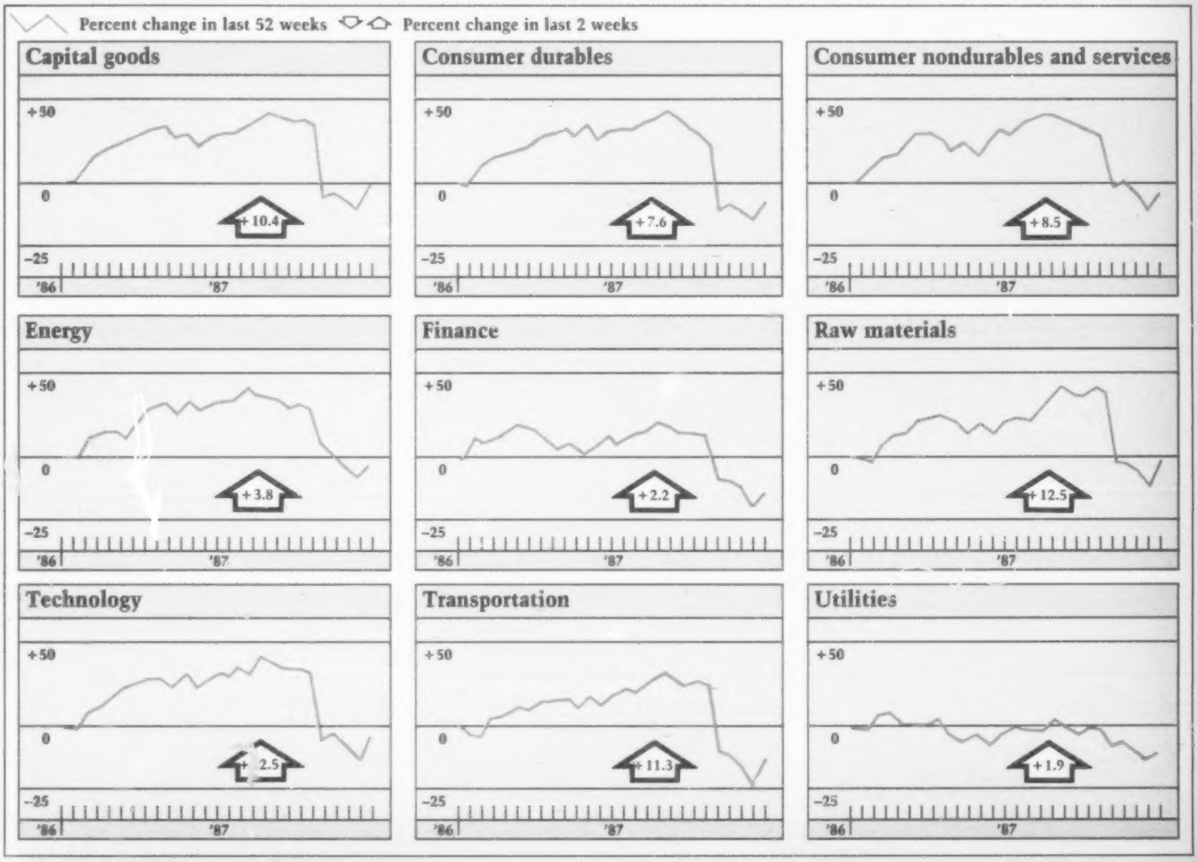
Note: All data for periods ending 12/17/87. Prepared by Wilshire Associates, Santa Monica, Calif.

Gas French

Where the Action Is

A game of catch-up. During the most recent two weeks, six Wilshire sectors gained more than the overall market. Technology and raw materials shot up over 12%, while transportation and capital goods followed with gains exceeding 10%. But, for all the cheer this late December surge offered to weary and battered investors, only three groups—raw materials, capital goods and energy—show higher quotations than they had one year ago.

The falloff in oil prices should help transportation companies, but analysts are still not optimistic about this group's prospects for 1988 *(see below).* The best-performing transportation companies over the last ten trading days were CSX Corp., which rose 23%, and Delta Air Lines and AMR Corp., which both gained over 20%.



What the Analysts Think

A tough year to predict. Analysts are lowering 1988 forecasts for all sectors except raw materials. Consumer durables and transportation stocks now show the sharpest cuts. Finance has an estimated 1988 P/E of 6.4. The P/E for capital goods is 14. A strong likelihood of additional estimate cuts makes capital goods richly priced.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.40	14.9
1988 estimates	3.63	9.9
1989 estimates	NA	NA

NA: Not available.

Rank based on change in estimate	Sector	Estimated 1987 EPS	Estimated 1987 P/E	% change in 1987 estimate in 2 weeks	% change in 1987 estimate in 4 weeks
1	Raw materials	$2.89	10.8	0.48%	–0.14%
2	Utilities	3.05	9.1	–0.24	–0.19
3	Consumer nondurables	2.65	11.7	–0.39	–0.95
4	Technology	2.96	11.2	–0.45	–1.18
5	Energy	2.93	11.3	–0.55	–1.84
6	Capital goods	2.62	14.0	–1.01	–2.05
7	Finance	3.78	6.4	–1.33	–3.00
8	Consumer durables	4.26	11.5	–1.59	–3.93
9	Transportation	2.48	10.9	–2.00	–6.87

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 12/17/87. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.